REPORT

OF THE

COMMISSION TO ENQUIRE INTO THE OPERATION

ACT XIX OF 1861

BEING AN ACT

"TO PROVIDE FOR A GOVERNMENT PAPER CURRENCY"

IN TWO VOLUMES.

VOL. II.

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* The Appendices marked thus have been kindly placed at the disposal of the Commission by Geo. Dickson, Esq., Secretary and Treasurer, Bank of Bengal.

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* The Appendices marked thus have been kindly placed at the disposal of the Commission by Geo Dickson, Esq., Secretary and Treasurer Bank of Bengal.

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PROCEEDINGS OF THE COMMISSION

APPOINTED TO

ENQUIRE INTO THE OPERATION OF

ACT No. XIX OF 1861

"TO PROVIDE FOR A GOVERNMENT PAPER CURRENCY."

First Sitting, February 6, 1866.

PRESENT:—ALL THE MEMBERS.

His Excellency the President called on the Secretary to read a Memorandum (page 3, vol. I.) which had been furnished to him at his request by the Financial Member of Council.

Resolved—That the Memorandum be placed on the Proceedings of the Commission, and that a copy be sent to each Member.

His Excellency the President said that this was only intended originally as a preliminary meeting to arrange the form of Proceedings; but as Major Hyde, the Mint Master of the Calcutta Mint and Head Commissioner of Currency, was leaving India by the Steamer of the 9th, and as his evidence would be important, he had been asked to be present to answer any questions which might be put to him by any Member of the Commission.

Resolved—That a copy of the Memorandum by the Financial Member be furnished to each Member of the Commission.

Resolved—That a Circular be prepared and sent to all the local Governments and Administrations (page 8), and to all Administrative Officers under their jurisdiction (page 6), with reference to the present state of the Currency, and that these latter officers be asked to correspond direct with the Secretary to the Commission at their earliest convenience.

Resolved—That spare copies of the Circular be sent to each local Government and Administration for distribution among non-official gentlemen, and that these gentlemen be asked to correspond direct with the Secretary to the Commission.

Resolved—That the next meeting be held on February, the 20th, at 3 o'clock.

Major Hyde, R. E., was called in and examined.

The Commission then adjourned.

Second Sitting, February 20, 1866.

PRESENT:—ALL THE MEMBERS.

Read—The following Memorial from certain Merchants in Bombay, to the Government of Bombay, and the remarks of that Government upon it, praying for the sovereign to be declared legal tender in India at 10 rupees:—

From F. S. CHAPMAN, Esq., Chief Secy. to the Govt. of Bombay, to the Secy. to the Govt. of India, Financial Dept.,—No. 97, dated 29th January 1866.

Dated 23rd January 1866.

I am directed to forward to you, for submission to the Government of India, the accompanying copy of a petition for the introduction of a Gold Currency, which was presented to His Excellency the Governor, by a deputation of the subscribers, who represent some of the largest and most influential Native firms, connected with the cotton trade in this Island, and to request that the prayer therein contained may receive the early consideration of His Excellency the Governor General in Council.

2. His Excellency the Governor in Council attaches much weight to the statements of so important a section of the Native mercantile community on such a subject.

To His Excellency Sir H. B. E. Frere, K. C. B., *Governor in Council, Bombay,—dated 23rd January* 1866.

Humbly Showeth,—That your memorialists are now suffering severely from the great scarcity of silver coinage and the consequently high value of money.

Upwards of five lakhs of Rupees are daily despatched from Bombay to the cotton districts in payment of cotton purchases.

Of this large amount little is returned to Bombay, and the means at the disposal of Government here for coining silver being inadequate to convert the large quantities of bullion imported at the periods most advantageous for purchasing cotton, your Memorialists are put to great inconvenience, and sustain much loss in consequence of this drain on the silver coinage.

A large amount of Gold Currency could be coined much more rapidly, and could be conveyed to the various districts with greater facility than silver.

Your Memorialists are of opinion that any difficulty as to the relative value of the two coins, were the English sovereign made a legal tender for 10 rupees, would be of short duration, and, in few cases, entail any hardship on the trading classes of this country. The Gold Currency would, in a great measure, prevent the recurrence of the excessive stringency of the money market, such as occurred in 1863, and that from which the mercantile community is now suffering.

Your memorialists, therefore, trust that your Excellency will favorably consider this prayer, and that you will forward it to the Governor General in Council, aided by your valuable support.

Your memorialists, as in duty bound, shall ever pray.

(Signed) NURSEY KESSOWJEE and Co.,

and others.

No. 768, dated 16th February 1866.

Endorsed by Financial Dept.

Copy forwarded to the Currency Commission now sitting.

Read—The following letter from the Hon'ble J. N. Bullen, to the Secretary to the Currency Commission :—

From the Hon'ble J. N. Bullen, *to the Secy. to the Currency Commission,—dated 20th February* 1866.

As I am about to leave Calcutta for England, I beg to be permitted to resign the office of Member of the Currency Commission.

I request you will lay this note before His Excellency the President at the meeting this afternoon.

Resolved—That a letter be addressed to the Secretary to the Government of India, in the Financial Department, requesting him to move His Excellency the Governor General in Council to take measures to appoint a Member to the Commission in the place of J. N. Bullen, Esq., resigned.

Resolved—That the next meeting be held on Tuesday, the 27th, at 3 o'clock

Messrs. Hugh Sandeman and Baboo Protit Paubun Sein were examined.

The Commission then adjourned.

Third Sitting, February 27, 1866.

PRESENT :—ALL THE MEMBERS.

Read—A communication from the Secretary to the Government of India, in the Financial Department, stating that His Excellency the Governor General in Council had appointed W. Halford, Esq., Manager of the Central Bank of Western India, in the room of the Hon'ble J. N. Bullen, resigned.

Mr. Anderson begged to be permitted to withdraw from the Commission, as he was leaving India by the Steamer of the 9th of March.

Resolved—That a letter be addressed to the Secretary to the Government of India, in the Financial Department, requesting him to move the Governor General in Council to appoint a Member to the Commission in the room of W. Anderson, Esq.

Messrs. Anderson, Maclean and Sterndale were severally examined.

His Excellency the President said that he thought it advisable to have a list prepared of all branches of the different Joint Stock Banks throughout India, showing the amount of their nominal capital, their paid up capital, and the amount of their deposits. He thought this would be very useful as bearing on the evidence which had been given before the Commission by Mr. Sandeman the Accountant General of Bengal, and Mr. Anderson the Manager of the Oriental Bank. Moreover, this information would assist the Commission in determining whether India was really ready for a Paper Currency, because he was of the same opinion as Mr. Wilson, that the Banks in India economize capital to a large extent by making use of bills of exchange, transferring sums of money from one place to another, without the intervention of coin, by their own cheques, bills of exchange, &c., thus performing the functions of a Paper Currency.

The Managers of the various Banks should be clearly told for what reasons the Commission proposed to call for this information.

Resolved—That a Circular to the above effect be drawn up and sent to every Officer in India in charge of a Bank. (page 9).*

Resolved—That a Statement be drawn up, showing the price of silver in London during each month for the past 20 years. (Appendix XXXIX page li).

The Commission then adjourned.

Fourth Sitting, March 6, 1866.

PRESENT :—ALL THE MEMBERS.

Read—A letter from the Secretary to the Government of India, in the Financial Department, stating that His Excellency the Governor General in Council had appointed the Hon'ble G. Ross a Member of the Commission in the place of W. Anderson, Esq., resigned.

Read—The following Minute recorded by His Honor the Lieutenant Governor of Bengal, and transmitted to the Secretary to the Currency Commission :—

From Collector to Accountant General, No. 9, dated 9th June 1865.
From Accountant General to Collector, No. 220, dated 14th June 1865.
From Collector to Accountant General, No. 16, dated 22nd June 1865.
From Accountant General to Collector, No. 265, dated 27th June 1865.

1. I have seen in the Collector's office here the correspondence noted in the margin.

2. It appears that the Collector indented for Rs. 10,000 worth of currency notes of small value, from Rs. 10 to Rs. 100 each. The Accountant General declined to supply the notes, observing that the cash balance was already so high that it was not expedient to increase it by sending notes from head quarters, and that the Collector should, *on the contrary*, exchange cash for them freely when presented, so as to remit to Calcutta.

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* As in most cases the information thus obtained was confidential, the Commission have refrained from printing the answers.—DENZIL R. ONSLOW, *Secretary*.

3. The Accountant General, however, enquired whether the notes asked for were likely to be wanted for *bonâ fide* circulation *within the district*, or whether they would be chiefly used by the public for purposes of remittance. On the Collector stating that they would be chiefly used for remittance, the Accountant General again refused to supply the notes, observing that persons wishing to remit should be referred to the Money Order office.

4. A precisely similar state of things was represented to me at Pooree. The Collector there has no notes of small value in his treasury; the call for them both in payment of demands and in exchange for silver is considerable, but the Accountant General will not supply them on indent, because the cash balance in silver coin is large, and thus the circulation of the Paper Currency is impeded.

5. In my opinion, the Accountant General was not justified in refusing to supply the indents for small notes from Pooree and Cuttack and the reasons he has given for refusal are insufficient.

6. The Collectors are quite ready to give cash for notes whenever they are asked to do so, but the demand for small notes for local circulation, and possibly to some extent for remittance, is such that scarcely any notes are paid into the local treasury either in payment of Government dues or in exchange for coin. It is futile, therefore, when a Collector applies for notes to meet a local demand, to desire him to exchange silver for notes on the spot.

7. The existence of a large cash balance in silver is no reason whatever for not supplying a moderate indent for notes of small value. It is true that by their issue in exchange for silver the coin in the treasury may slightly increase, but the direct advantage arising from the circulation of the notes more than covers the cost of the remittance of an equal amount of specie, while the circulation of so much paper is a great convenience to the public, and must ultimately tend to the general use of the Paper Currency, both in meeting demands on the treasury and making payments into it.

8. I cannot ascertain that the Collector of Cuttack had any sufficient ground for saying that these small notes he indented for are required chiefly for remittance. The enquiries I have made both here and at Pooree lead me to conclude that they are wanted chiefly, if not entirely, for local circulation; that they circulate freely at par; that the convenience of a circulating medium more portable than silver is appreciated not only by the European community of the province of Cuttack, now some hundreds in number, but by the native trading classes, and indeed by most of the natives here who have occasion to travel, or who have payments to make exceeding 10 rupees.

9. However undesirable it may be that currency notes should be sent from place to place by the post, it is a practice which cannot be prevented, and which certainly ought not to be checked by any inquisitorial proceedings on the part of the Collector as to the purpose for which notes are required. Such proceedings would not be tolerated for a moment at Calcutta, or at any centre of issue, and they ought not to be allowed in the mofussil. The Money Order office should be left to recommend itself to the public by the security it offers for small remittances, and its use ought not to be stimulated by refusing to issue small notes lest they should compete with it. The notes being a legal tender in all parts of the circle, it simply discredits the system if a Collector refuses to pay a just demand in notes on the ground that they are likely to be circulated beyond the limits of his district; and the Government is stultified if, while it professes to desire the expansion of the Paper Currency, facilities are not given for the issue of notes in exchange for silver at every treasury where there is a demand for them.

10. I would communicate these remarks to the Accountant General, and desire him to comply with the indents of the Collectors of Cuttack and Pooree, and I would send a copy of the letter to the Financial Department in continuation of our last letter on the subject.

CUTTACK,
The 10*th February* 1866.

CECIL BEADON.

Read—The following memorandum by W. Anderson, Esq. :—

Since my examination by the Commission, I have referred to records as to the average prices of silver for 10 years prior to 1853, and find that it was *under* 5*s*. 1½ per oz., this price having been the average for the following 10 years.

Also—As to rates of exchange, although the average for 1848 was only 1*s*. 10⅛, the average for 15 years, *viz*., from 1838 to 1852, was a fraction above 2*s*.

Mr. Sandeman was re-examined, and Mr. Chapman and Baboo Degumber Mitter were examined.

The Commission then adjourned until the 13th instant.

Fifth Sitting March 13, 1866.

PRESENT :—ALL THE MEMBERS.

Colonel Ballard, R. E., Officiating Master of the Calcutta Mint, and Ramgopal Ghose, a Merchant of long standing in Calcutta, were examined, after which His Excellency the President said that, as this was the last meeting of the Commission in Calcutta, and as all the evidence which the Commission proposed to take orally had been concluded, he suggested that, after the Secretary had received and circulated the answers to the circulars issued by the Commission, a draft report should be written, which, when approved of by the Members of the Commission, who would then be at Simla, would be forwarded for the consideration or corrections of the Members who would be in Calcutta.

Agreed to.

The Commission then adjourned.

CIRCULARS

TO COMMISSIONERS AND OFFICERS IN CHARGE OF TREASURIES.

SIR,—It being very desirable to obtain accurate local information from various quarters regarding the working of Act No. XIX of 1861, "to provide for a Government Paper Currency," the Commission assembled by order of the Governor General in Council for the purpose of enquiring into and reporting on the operation of that Act, will be much obliged to you to answer the following queries to the best of your ability, and to send your replies direct to me. A copy of this communication has been sent to the Government under which you are serving, and as the Commission is now in session and the matter urgent, you are further requested to send your answer as early as possible:—

1. Are Government currency notes readily received and paid away by the Native community at their full value in private monetary transactions?

2. If not, what is the reason for their depreciation, and what is the average rate at which they are discounted?

3. What facilities are afforded by officers in charge of Government treasuries for the exchange of currency notes for silver, and silver for notes?

4. Are these facilities sufficient; if not, what means can you suggest for increasing them?

5. Do you consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and would you retain it?

6. If not, would you propose to increase the number of circles (still retaining the plan of a separate note for each circle), and, if so, to what extent? Or, keeping the present number of main circles, would you establish offices of sub-issue at the chief local treasuries within each circle, where the note should be convertible on demand as at the head office of issue of the circle?

7. Or, would you prefer the plan of having one universal note for all India, to be convertible only at the presidency towns, and at certain specified treasuries? Or is there any other plan you would recommend?

N. B.—In replying to these last three questions, please to state fully the grounds on which you give a preference to one plan rather than to the others, specially with reference to the important object of establishing a Paper Currency in the confidence and liking of the Natives.

8. Would you propose a note of the value of 5 rupees, and if so, on what grounds?

9. Are you of opinion that the 5-rupee note would have a larger currency than notes of a greater value?

10. Are notes used much by the shroffs and Native bankers for purposes of remittance?

11. Is it the practice of the shroffs and Native bankers to exact discount in all cases of cashing notes?

12. Do the shroffs and Native bankers buy up the notes at a discount for the purpose of sending them to the head quarters of circles for encashment?

13. Do the shroffs and Native bankers prefer the note to hoondees for purpose of remittance?

14. If your silver reserve runs very low, owing to a large number of currency notes being presented for cash, what facilities by rail or road have you for reinforcing the reserve, and to what department or treasury would you first apply?

15. Has your treasury been unable to meet the public demand for Paper Currency in consequence of your indents for notes not having been complied with?

16. If so, what reasons have been assigned for the refusal to comply with your indents?

17. What average value does the Government gold mohur bear in the bazars in your neighbourhood?

18. What average value does the English sovereign bear in the bazars in your neighbourhood?

19. What average value does the Australian sovereign bear in the bazars in your neighbourhood?

20. Do you think that the coins above-mentioned generally bear a higher value in mofussil bazars than in the presidency towns?

21. If so, what is the cause?

22. Are the people fond of gold for the purposes of hoarding and circulation?

23. Would the Natives like a Gold Currency?

24. Are gold coins of 15, 10, and 5 rupees likely to find more favor in their eyes than notes of like value?

25. Would a Gold Currency help the establishment of a Paper Currency, gold being held as a reserve by traders and others, and the notes passing from hand to hand for circulation when people become accustomed to them?

26. Would a Gold Currency assist the outlying treasuries in ensuring the convertibility of the note?

27. What is the opinion of large shroffs and dealers on currency? Do they prefer a Silver Currency alone, or silver and paper, as it at present exists, or silver, gold, and paper?

28. Does bar gold circulate in your neighbourhood; if so, how is its purity ensured?

29. Are Native gold mohurs much used by Natives as means of currency in your neighbourhood?

30. State the names of the gold mohurs?

31. Do they pass for intrinsic value?

32. Or do they bear an artificial value according to their respective denominations, or as proceeding from certain Native states?

I have the honor to be,

SIR,

Your most obedient Servant,

(Signed) DENZIL R. ONSLOW,

Secretary to the Commission.

TO ALL LOCAL GOVERNMENTS AND ADMINISTRATIONS.

SIR,—A Commission having been constituted under the orders of the Governor General in Council, for the purpose of enquiring into the operation of Act No. XIX of 1861, "to provide for a Government Paper Currency," I am directed by His Excellency the President, in conformity with the wishes of the Commission, to beg you
to favor them with views on the subject.

On the occasion of its first meeting under the presidency of Sir W. Mansfield, K. C. B., the Commission came to a resolution that it was most expedient to obtain accurate information from every quarter in India in regard to the operation of the currency under the existing law.

It was further deemed advisable, in order to save time, to address certain Officers direct, a course which the President trusts will meet the approval of

I am directed to enclose copies of the circular which has been issued, in the hope that the views of gentlemen not comprehended in the ordinary official circles may be obtained under the orders of

The replies of these gentlemen might also be forwarded to me direct.

I have the honor to be,

SIR,

Your most obedient Servant,

(Signed) DENZIL R. ONSLOW,

Secretary to the Commission.

TO POLITICAL AGENTS.

SIR,—You will probably have seen in the *Gazette of the Government of India*, dated the 10th of February, that a Currency Commission is now sitting in Calcutta, according to orders issued by the Governor General in Council.

The object of this Commission is more especially to investigate the operations of Act XIX of 1861, now that we have had five years' experience of that measure.

In Native states, consequently, the immediate object of enquiry does not demand attention; but it has occurred to the Commission, with regard to the cognate question of a Gold Currency, that it might be very useful were the Commission to be favored by you with a statement as to the relations of gold and silver in the states under your charge.

1. Are gold coins much used in currency?

2. Or are they hoarded merely as a reserve for value?

3. Taking the sovereign to be worth about Rs. 10-4, do the gold coins which are current bear a relatively higher value in the bazars?

4. What is the gold coin in your neighbourhood, and what is it worth in British rupees?

5. Is there a large importation of gold and silver?

6. Does this come in the form of bars in both metals, as well as in coins?

7. What do the Natives think of the English sovereign?

8. Does it pass current in the bazar? and if so, of what value?

9. Do Government currency notes come as hoondees from the presidency towns, or from other circles of issue?

10. If so, are they bought up at a discount, and sent back to their respective circles for encashment at par?

11. Is there a Mint in your neighbourhood?

12. What does it turn out—silver only, or gold and silver?

13. Is it known that a large proportion of gold coins coined in Native states are exported to the British provinces for the purpose of forming reserves of value?

I have the honor to be,

SIR,

Your most obedient Servant,

(Signed) DENZIL R. ONSLOW,

Secretary to the Commission.

TO MANAGERS OF BANKS.

SIR,—You will probably have seen that a Commission has been appointed, under the orders of the Governor General in Council, to enquire into the working of Act XIX of 1861, "to provide for a Government Paper Currency."

At the Meeting held on the 27th of February, it was resolved that a communication be addressed to the Manager of every Joint Stock Bank in India, requesting him to be good enough to furnish the Commission with the amount of the nominal capital, the paid up capital, and the amount of deposits both at the head office and also at the branches, should there be any of these under his superintendence.

In calling for this information, His Excellency the President desires me to state that, as it is solely required for reference in its bearing on the circulation of the Government currency note, and for assisting the Commission in their deliberations, whether the Continent of India is ripe for a Paper Currency, or whether Banks do not, by their bills of exchange, cheques &c., perform to a great extent the functions of a Paper Currency, I am to express the hope that it will be supplied, and to add that the information will be kept private if it should be so desired.

I am also to request you to state whether your Bank was in existence before the 1st of March 1862, whether at that time you had branches open, and whether your capital has been increased since that date.

I have the honor to be,

SIR,

Your most obedient Servant,

(Signed) DENZIL R. ONSLOW,

Secretary to the Commission.

ORAL EVIDENCE.

First Sitting, February 6, 1866.

PRESENT:—HIS EXCELLENCY THE PRESIDENT.

THE HON'BLE H. S. MAINE.	E. H. LUSHINGTON, ESQ.
THE HON'BLE W. GREY.	G DICKSON, ESQ.
THE HON'BLE J. N. BULLEN.	W. ANDERSON, ESQ.
THE HON'BLE D. COWIE.	H. G. DUNLOP, ESQ.

MAJOR HYDE, CALLED IN AND EXAMINED.*

1. *The President.*—You are the Mint Master, are you not?—Yes.

2. And in that capacity *ex-officio* Head Commissioner of Currency?—Yes.

3. *Mr. Dickson.*—Sections 3 and 4 of the Currency Act empower Government to establish departments of issue in connection with the Mint or with Banks?—Yes.

4. The Presidency Banks were, in conformity with such power, appointed Agents within the respective presidencies for "regulating and facilitating the circulation and payment of the Government notes"?—Yes.

5. After the Bank of Bengal's right of issuing its own notes ceased, and when the new arrangements between the Mint and the Bank took effect in March 1862, did the additional duties devolving on the Mint entail great expense on the Currency Department therein?—Comparatively to the charges paid to the Bank the expense was trifling.

6. Can you state the exact amount of such additional expense?—

From 1st March 1862 to April 1863	Rs.	69,321	10	1
1863-64	„	32,628	4	0
and for 1864-65	„	34,941	1	0
	Rs.	1,36,890	15	1

This is exclusive of commission paid to the Bank of Bengal at ¾ per cent. on the circulation, which commission, during those years, was Rs. 6,10,160-0-10, of which, however, Rs. 3,65,104-7-6 was not claimed till after April 1865.

7. So long as the duties were discharged by the Bank of Bengal as Agents for the Government, did the arrangements entered into work smoothly and prove convenient for the Mint (Currency Department of)? Were you satisfied with the arrrangements and their efficiency for the public requirements?—As far as the Currency Department of the Mint was concerned the arrangements worked smoothly, but as to the efficiency of the Bank arrangements to meet the requirements of the public, I have no knowledge except in the matter of cashing and exchanging notes. In conducting this operation the Bank officers were very slow. The matter was brought to the notice of Government by Colonel Haughton. [Appendix I, page i.]

* Major Hyde's evidence was taken three days before he left Calcutta for Bombay *en route* to England, and as there was no time for him to get the statistics asked for, or to revise his evidence, he was permitted, with the approval of the Commission, to take a rough copy of the questions and his answers with him to Bombay, from which place he sent me a revised copy.—DENZIL R. ONSLOW, *Secretary*.

8. What was the highest point attained in the Calcutta circle of the circulation prior to the transfer of the duties in connection therewith from the Bank to the Mint?—On 21st September 1865, when it was Rs. 3,27,02,230.

9. What was the highest point of the total circulation throughout India under the Currency Act?—On 23rd September 1865, when it was Rs. 9,10,01,180.

10. What were the respective proportions of coin, bullion, and securities held against the total circulation?—

Silver coin	Rs.	3,73,49,508
Gold coin	„	22,79,140
Silver bullion	„	1,15,70,000
Government securities	„	3,98,02,532

11. What were the proportions held in Government securities, and how distributed among the several circles?—The amount of securities was about 44 per cent. of the amount of notes in circulation, and were distributed as follows:—

Calcutta	Rs.	1,54,70,019
Allahabad	„	11,03,291
Lahore	„	7,00,037
Nagpore	„	5,47,881
Madras	„	30,02,845
Calicut	„	1,00,059
Trichinopoly	„	1,00,059
Vizagapatam	„	1,00,059
Bombay	„	1,86,78,282
Kurrachee	„	.....

12. In whose names do the securities stand?—In the names of the Accountant General and of the Head Commissioner of the Department of Issue of Paper Currency.

13. Where are they held?—In the Currency Office in the Mint in Calcutta.

14. What was the highest point of paper issues from the Currency Department in Bombay?—Rs. 4,15,00,000 on 23rd September 1865.

15. How was it protected?—

By Silver coin	Rs.	1,74,51,718
Gold coin	„	12,00,000
Silver bullion	„	29,70,000
Securities	„	1,86,78,282
Kurrachee notes	„	12,00,000

16. What was the amount of issues on 12th January 1866?—The amount on the 12th January is not known here, but on the 13th it was Rs. 2,82,30,000.

17. What was the total issues on 12th January 1866?—On the 13th it was Rs. 7,18,37,650.

18. How was the circulation protected on 13th January in Bombay?

Silver coin	Rs.	43,06,948
Gold coin	„	15,50,000
Silver bullion	„	51,70,000
Securities	„	1,71,78,052
Kurrachee notes	„	25,000

19. Did the coin fall below 19 lakhs of rupees? if so, to what extent?—I cannot say I receive only weekly returns from the circles. On the 30th December it was Rs. 19,83,719 of silver coin, and Rs. 15,50,000 of gold coin.

20. And the note circulation in the hands of the public amounted to how much?—Rs. 2,60,45,000.

21. Were the Government securities held against the Bombay circulation available in Bombay?—The securities were all held in Calcutta, and, consequently, were not available for sale in Bombay. They would, however, whenever necessary, have either been transferred to other circles, or have been sold in Calcutta, and the proceeds transferred through the Government treasury to Bombay, so that, practically, the securities were available for the purposes of the currency in Bombay.

22. Supposing 20 lakhs (or 10 lakhs) of rupees worth of notes had been tendered for conversion into coin, could the *Currency Department* have met the demand?—No, it could not have been met by the Currency Department; but in terms of Section 10 of Act XIX of 1861, Her Majesty's Treasury Bank of Bombay would have been asked to repay coin to that department, to whatever amount required, for the silver bullion which it had exchanged for coin with the Mint, and which amounted, on the 28th December 1865, to Rs. 51,17,000.

23. What was the amount of paper issues in Calcutta on 12th January 1866?—Rs. 2,98,07,600.

24. How protected?

Silver coin	... Rs. 22,90,291
Silver bullion	... „ 1,03,00,000
Government securities	... „ 1,54,70,019
Notes of other circles	... „ 17,47,290

25. What was the amount of issues one month later? and what were the relative proportions of coin, bullion, and securities at same date?—On 12th February 1866—

Silver coin	... Rs. 19,83,021
Silver bullion	... „ 63,00,000
Government securities	... „ 1,54,70,019
Notes of other circles	... „ 20,79,570
Total notes in circulation	Rs. ... 2,58,32,610

26. What was the *minimum amount* of coin held during the past month of January in the Currency Department?—Rs. 7,91,951.

27. What would have been the result had 20 additional lakhs of notes been tendered for conversion?—Payment could not have been made without immediate repayment from the Government treasury for bullion taken from the Mint, which would have been made, and the Mint would have been put to work night and day to produce nine lakhs a day of coin out of the currency deserve of bullion, which then was Rs. 99,00,000.

28. Under section 9, circles of issue may be established, and several circles have been so established. Will you describe their limits?

The Calcutta circle includes all the territory under the Lieutenant Governor of Bengal.

The Allahabad circle includes all the territory under the Lieutenant Governor of the North-Western Provinces and the Chief Commissioner of Oudh.

The Lahore circle includes all the territory under the Lieutenant Governor of the Punjab.

The Nagpore circle includes all the territory under the Chief Commissioner Central Provinces.

The Madras circle includes the districts of Madras, North and South Arcot, and Salem.

The Calicut circle includes the districts of Malabar, South Canara, and Coimbatore.

The Trichinopoly circle includes the districts of Tanjore, Trichinopoly, Madura, and Tinnivelly.

The Vizagapatam circle includes the districts of Ganjam, Vizagapatam, Godavery, and Kistna.

The Bombay circle includes all the districts of the presidency of Bombay Proper.

The Kurracheo circle includes the province of Sind.

29. By the provisions of the Act, Deputy Commissioners are bound to issue, on the demand of any person, promissory notes of certain denominations in exchange for current coin?—Yes.

30. How many notes have been issued through subordinate circles? Can you furnish the gross total?—On the 31st January the value of the notes issued was Rs. 99,67,620, the number of notes being 161,720.

31. In the Return for July, Nagpore gives nearly 40 lakhs of rupees worth of notes issued, and in January following only 17 lakhs, can you inform the Commission why the issues contracted so much?—In July 1865, of the 40 lakhs of rupees worth of notes issued at Nagpore, 26 lakhs were sent to Calcutta, and were cashed at the head office. These notes commenced to be sent to Calcutta in March 1865, and continued to be remitted, until in July, when they rose in amount to 26 lakhs of rupees worth. A demand for remittance to Nagpore then set in, and on the 29th July, the Accountant General in Calcutta paid 22 lakhs of rupees for Nagpore notes. In October there was a further demand for these notes, and the balance was almost all taken up, so that by the 25th January 1866 there were only Rs. 5,880 of Nagpore notes left on hand, mostly unfit for re-issue.

32. The notes are payable both at Nagpore and in Calcutta?—Yes.

33. Did these notes ever enter into actual circulation, or were they merely used for the purposes of being remitted?—Very few were in active circulation; nearly all were taken by merchants and traders for the purpose of remitting money.

34. Did you advertise 28 lakhs of rupees worth of them as available here? if so, for how long, and were they ultimately cancelled?—Upwards of 26 lakhs of rupees worth were advertized as available for a fortnight in July 1865, of which 22 lakhs were, as already stated, taken up by the Accountant General.

35. Did their encashment and the encashment of Lahore and other circle notes materially diminish your available coin in Calcutta when the Calcutta circulation paper was contracting and when coin was urgently required?—Not at the time, but of late the coin in the head office of issue was much diminished by a large influx of Lahore notes that were presented at a time when very large amounts of coin had been exchanged with the Mint for bullion. If the currency coin had not been so largely exchanged for the Mint bullion, the cashing of Lahore and Nagpore notes would never have materially affected the coin reserve, as the amount of notes cashed was comparatively small.

36. Have you complied with the procedure of the Act, Section 11, in holding in Calcutta Government securities for the whole of the issues throughout India?—Yes.

37. Are you of opinion that at Nagpore, Allahabad, Lahore, or other centres of circles, you could sell Government securities to meet a contracting currency?—I cannot say.

38. Has the transfer of the duties hitherto discharged by the Bank to the Currency Department in the Mint entailed additional labor and expense?—Yes, the work cannot be carried on without incurring expense.

39. What is the probable addition to establishment and cost of accommodation?—The additional establishment is not more than Rs. 1,250 monthly, and the rent of the premises now occupied for the Exchange Office is Rs. 50 monthly.

40. Have you sufficient accommodation within the Mint for the purpose?—No, no accommodation whatever.

41. Has the change proved convenient to the public and the Mint?—Inconvenient to both.

42. Has the coin properly belonging to the Currency Department been sufficient to meet the encashment of notes tendered for conversion?—Yes, and to give assistance to the Mint.

43. To what extent did you fall back on the coin properly belonging to the Government balance?—The Currency Department has never been obliged to fall back on the coin properly belonging to the Government balances; on the contrary, it has largely assisted the Government balances by exchanging coin for bullion whenever coin was required.

44. Did you ever consider the convertibility of the note endangered from want of coin?—Never.

45. At what date were subordinate circles established?—

May 1864	Allahabad.
August 1864	Lahore.
September 1864	Nagpore.
January 1865	Calicut, Trichinopoly, and Vizagapatam.
June 1865	Kurrachee.

46. What was the exact position of the paper circulation prior to their establishment?—

On 30th April 1864 the notes in circulation amounted to ...	Rs.	5,68,00,000
On 30th July „ ...	„	6,31,02,750
On 27th August „ ...	„	6,36,59,020
On 31st December „ ...	„	7,48,35,640
On 30th April 1865 „ ...	„	7,63,26,720

47. What was the amount held in Government securities at the date of the establishment of such subordinate circles?

On 30th April 1864	Rs.	3,00,16,986
„ 30th July to 31st December 1864	„	3,03,95,011
„ 30th April 1865	„	3,98,01,961

48. What is the amount in Government securities at this date? and at what value held?—Nominal amount Rs. 3,94,70,971, cost price Rs. 3,98,01,961.

49. Were notes of all denominations freely issued to the public on the establishment of such circles by the respective Deputy Commissioners?—Yes.

50. Were such instructions subsequently modified; if so, to what extent?—Yes, with a view to prevent the notes being used for remittances, instructions were issued in Circular No. 2622, dated 29th September 1865 (Appendix II, page ii), directing that the larger notes should not be issued when required for remittance.

51. By whose authority?—By the orders of the Government of India.

52. What circumstances led to the investment of the last order in Government securities?—It was invested by the orders of the Government of India, and not by the Head Commissioner.

53. Is the Chief Commissioner of Currency bound to act on his own judgment in making such investments, or does he act under the orders of superior authority?—The Head Commissioner is simply an executive, and acts under the orders of superior authority. He never makes investments, but merely pays away the money for them when ordered to do so.

54. What is the main object of a well regulated paper circulation?—If the paper circulation were that of a Bank, the main object would be profit to the Bank. If the paper circulation were that of a Government, I should understand the main object to be, to provide a self-supporting currency that would be economical to the State by saving the metallic currency from wear and tear, and consequent depreciation; and this would be economical to the public by enabling the ordinary monetary transactions of the day to be carried out with the minimum labor and maximum convenience. I understand every other object to be subordinate to these.

55. What was the authorized paper circulation of the Banks of Bengal, Bombay, and Madras prior to the passing of the Currency Act?

56. Against which they were bound to hold ¼ of silver coin in reserve, were they not, in common with all other liabilities, payable on demand?

57. Thus about four crores of silver coin might be liberated and rendered productive?

58. What was the actual average circulation of the Presidency Banks?—I do not know. I have no information on the subject, nor have I the means of obtaining the data that would enable me to answer the last three questions.

59. Will you turn to the last published statement, and tell me the amount of the Government currency notes in the hands of the public? On 31st January 1866 the total amount of notes issued was 7,07,99,090, of which Rs. 17,43,430 were notes of other circles held at the head offices of Calcutta and Bombay.

60. And the amount of coin and bullion held in reserve?—

Silver coin	...	...	... Rs.	1,80,13,128
Gold coin	...	...	... „	50,000
Bullion	...	...	... „	1,11,90,000

61. Was not the circulation of the Banks constituted under the old Charters almost exclusively confined to Presidency cities?—I think so. I do not remember ever having seen a note of the Bank of Bengal in Upper India.

62. It was not legal tender?—No.

63. No branches of the Banks were established prior to 1862?—No.

64. Would it be too much to assume that if like facilities had been given by Government by instructions to Mofussil treasuries to receive notes of the Presidency Banks, that like results would have been attained with the establishment of branches, *viz.*, Bengal (10), Bombay (19), Madras (6)?—I do not think that the notes of any Bank would circulate equally with Government notes.

65. What are your reasons for so thinking?—From my knowledge of the people of the country.

66. Can you favor the Committee with the amount of currency notes held in the Mofussil by the Government treasuries?—I have no means of knowing.

67. Has the establishment of circles tended, in your opinion, to promote the extension of the note currency, due regard being had to the amount held in the Government treasuries?—A certain extension has, of course, followed the establishment of circles of issue, but it has been very limited when compared with the trade and extent of the country throughout which the notes were made a legal tender. As is desirable, portions of the local treasury balances are held in notes, the amount of which will in the aggregate be very large, so that looking to the area through which the notes can circulate, there is as yet practically no useful note circulation in the country. I think it probable that whatever actual circulation there is, it will be found to be confined to European stations, large towns, and lines of railway. But, bearing in mind the extent of the interests and influences that are opposed to the introduction of a Paper Currency, the condition, education, and character of the Natives of India, and that in many parts of India the system of barter is only now giving place to a Silver Currency, the introduction of a Paper Currency must be of the slowest possible growth, and I am not surprized that so little progress has been made.

68. The currency system having failed to find favor, or to meet the requirements of the mercantile portion of the public, are you of opinion that notes of a lower denomination would be readily received by the lower classes in payment of wages and small purchases?—It is not admitted that the currency system has failed to find favor with the mercantile community, nor can it be said to have failed to meet the requirements of that body, because it does not provide them with ready means for making remittances. I believe that a 5-rupee note would circulate better than notes of a higher denomination with the lower classes, because taking the

monetary transactions of these classes, the larger number must be of the lower value, and in the payment of wages I do not think it would ever be found profitable to pay in a manner that would entail loss on the labourer, as any such loss would in time adjust itself and fall upon the payer. I submit a memorandum kindly furnished to me by the Manager Oriental Bank, Ceylon, showing the circulation of 5-rupee notes of the Bank in that Island and his experience on the subject :—

"My experience in this Island tends to support your opinion that the issue of notes of "Rs. 5 is more likely to meet the requirements of Natives, and on that account they will "circulate more freely amongst them than notes of a larger denomination.

"I enclose a memorandum giving the amounts and the several denominations of the notes "composing the circulation of the Bank under my management during the six months ending "30th December 1865.

"From this memorandum it will appear that the 5-rupee notes constitute rather less than "one-third of the whole amount in circulation.

"At our Up-country branches, where are issued only notes of Rs. 5 and Rs. 10, the "circulation of the former *exceeds* one-half of the total amount.

"As we re-issue the notes and do not keep any record of the denominations re-issued, I "am unable to give figures showing the relative time that each denomination remains in "circulation; but as a matter of experience, it is well known that the smaller remain in the "hands of the public much longer than the larger denominations.

"I may add that we commenced issuing 5-rupee notes early in 1854, at the request of many "of our planting constituents, to enable them to pay the monthly wages of the coolies on their "estates in a more convenient form than that afforded by the 10-rupee notes, which, indeed, "were almost useless for the purpose. The 5-rupee notes are to the present day largely availed "of in making such payments, and are readily accepted by the coolies, who, as you are doubt-"less aware, are drawn almost entirely from the laboring classes of Southern India."

Memorandum of Oriental Bank Corporation Notes in Circulation in Ceylon during six months ending 30th December 1865.

1865.	Rs. 5.	Rs. 10.	Rs. 50.	Rs. 100.	Rs. 500.	Rs. 1,000.	Total.
July	59,982	87,720	27,860	19,465	1,950	7,300	204,277
August	61,337	89,520	29,860	19,005	3,800	10,600	214,122
September ...	59,691	88,511	26,860	18,225	2,350	7,700	203,337
October	64,937	99,201	32,040	23,855	2,800	6,300	229,133
November ...	67,624	1,02,665	31,790	23,065	4,250	9,600	238,994
December ...	71,706	1,08,581	36,950	22,705	3,850	6,500	250,592

69. Do you not think that the establishment of circles, which practically reduces notes beyond their respective circles into bills of exchange, and, as such, subject to heavy discount, retards instead of promotes the extension of the paper circulation among the Natives? —I do not think that it can be justly said that the establishment of circles "retards instead of promotes" the extension of the circulation of notes. I think that the larger the circles are made, the greater will be the circulation in proportion, so that it would be desirable, if possible, to have one circle for each Presidency, or still better for all India; this, however, is not possible, and the question is how far the circulation can be promoted by giving to any notes the maximum area of circulation. I think that the locomotive population will be the

first to find the benefit of, and appreciate a paper circulation, and that it is only through them and by their example that the resident population of India will understand, appreciate, and use currency notes.

70. *Mr. Lushington.*—What facilities should be given for cashing notes—would you prefer the extension of the present plan of separate circles with separate notes for each circle—would you increase the number of circles, or adopt Mr. Wilson's plan of sub-circles—or would you have one universal note for all India, to be cashed at the Presidency towns only or at any Government treasury. And how would you propose notes of one circle should be exchanged for those of another?—To introduce a proper currency, it is, I think, necessary to give the notes the maximum area of circulation and the maximum facilities for conversion, which amounts to having the greatest possible number of offices at which a note can be cashed; as soon as notes are understood and really circulate, they will less often be converted, and the same number of cashing offices will not be required then as were originally desirable for the purpose of introducing the notes. Theoretically, Government revenue treasuries should have nothing to do with a note circulation; but I think Government treasuries will be found from the position they occupy throughout India to be the only practical means of introducing the Paper Currency. I would, therefore, place the Head Commissioner of Issue in the Accountant General's Office directly subordinate to the Accountant General, and he should, as far as possible, regulate the relative amount of coin and notes to be held in every local treasury, so as to give the maximum facilities for converting notes whenever wanted. I would exchange notes even at any small outlay at all Government treasuries, and I would arrange, as far as possible, with all branch Banks to cash and exchange notes at par, and make as many treasuries as possible sub-offices of issue. I would propose that only the broad principles of the currency be enacted by law, and that the details of circle limits be provided for by Government notification, so as to admit of alteration from time to time as found necessary. I see no way of putting notes of the value of Rs. 1,000, 500, 100, 50, 20, and 10 into circulation except in circles, which should be as large as possible, and I think 20 and 10-rupee notes might possibly be allowed to run current along all railway lines. I think a distinct 5-rupee note for all India might be issued. That it should be convertible at any treasury that had available funds to the extent of Rs. 20 to one individual in a day, and that cut 5-rupee notes should only be convertible at Presidency towns and at centres of circles in lines of railway. That, as far as possible, all Government treasuries should issue 10-rupee and 5-rupee notes in exchange for notes of large denominations. If a 5-rupee note enters largely into circulation some facilities for renewing old and worn out notes will be required in many parts of the country, for small notes cannot be expected to travel long distances to centres of issue for renewal.

71. *Mr. Anderson.*—Can you give information as to the average amount of the issue of large and small notes (*i. e.*), in what proportion are the amounts held?—The Calcutta notes on 31st January were as follows:—

10-Rupee Notes	... ...	1,72,443
20 „	... ...	1,01,246
50 „	... ...	47,641
100 „	... ...	48,911
500 „	... ...	7,022
1,000 „	... ...	11,914
	Total ...	3,89,177 pieces.
	Value—Rs. ...	2,64,47,500

72. *The President.*—I understand you to say that notes are used more for remittance than circulation?—In Nagpore certainly more for remittance.

73. *Mr. Maine.*—Has any inconvenience arisen from this?—No.

74. *Mr. Dickson.*—How much coin from the currency department has been set free according to the present arrangements?—To the extent of the investment in securities, now nearly four crores of rupees.

75. And supposing there had been a similar amount in circulation by the Bank under the old Charter, how much coin would it have been entitled to set free?—I do not know.

76. You state that, on the establishment of the several provincial circles, notes of all denominations were freely issued to the public, but that these instructions were subsequently modified,—what was the general nature of these instructions?—The Circular of Government No. 2622, dated 29th September 1865 (Appendix II, page ii), herewith submitted, shows this.

77. *The President.*—How is it that the notes accumulate at the local treasuries, and why are they not taken out for circulation?—The same action that, according, to my personal knowledge and experience for many years, obstructed the issue of copper and small silver coin from Government treasuries now obstructs the issue of notes, and it is this that the Native treasurers, who are in the employ of Government, are of the class of shroffs whose interest it is to discredit the notes, so as to deprive them of a standard and give them a fluctuating value, as in that condition they become an article in which they can deal with profit. Government Native treasurers, therefore, are opposed to the issue of notes, and though, of course, the power of a Native treasurer is only effective for the purpose, in proportion as he is uncontrolled, still when a Deputy Collector is overburthened with work, and Natives do not care to complain, much can be effected. The public understand so little of the condition under which notes circulate that they are at the mercy of the banks and bankers, who do all they can to discredit the notes. In explanation of this, I submit a correspondence between the Bank of Bengal, Agra branch, and the Uncovenanted Service Bank, whereon the former objected to receive Allahabad notes in payment of a cheque (Appendix III, page ii); also a letter from Commissioner of Customs, Bombay (Appendix IV, page ii).

78. Then how is it that notes are taken for remittance?—Bankers and shroffs well know the value of notes, and, of course, use them whenever it is to their interest, or convenient to do so; but they also use every endeavour to discredit the notes, and to reduce them to a condition of fluctuating value, as in that condition they become safe bills in which they can profitably deal. Further, notes always interfere, more or less, with bills of exchange.

79. *Mr. Maine.*—Then it is not from distrust of the ability of the Government to cash the notes?—Not the least; notes interfere with the system of hoondees; and so long as they can be discredited so as to fluctuate in value, they will provide the means for a profitable discount business.

80. *Mr. Lushington.*—In answer to a question put to you by Mr. Dickson, whether the transfer to the currency department of the business hitherto conducted by the Bank of Bengal was inconvenient to the Mint and to the public, you replied that it was inconvenient to both: state your reasons for this assertion?—It is inconvenient to the Mint, because the work of a currency office and of the issue of notes has no connection whatever with minting. Indeed it is so entirely foreign to the work of minting that it diverts the train of thought of the Mint Master and his officers from their proper work to a totally different line, and, of course, to the detriment of both works. The work of minting is one that requires constant deliberate thought, and careful consideration; whereas the work of the currency requiring every spare moment that can be given to it does not permit any subject but the bare executive arrangement of the Mint being gone into. The training and qualification required from a Mint Master are by no means those required from a Commissioner of Currency, and I do not think they will ever be found to exist in the same individual. The regulations and arrangements necessary for the safe working of a Mint are irksome and objectionable in a currency office, and finally in Calcutta the work of either the Mint or currency department is as much as one man can efficiently perform. It is inconvenient to the public because, 1*st*, the Mint is far away from the business part of the town, and 2*ndly*, because there is no accommodation

in the Mint; but, in consequence of this, arrangements have been made to transfer the currency exchange department to the treasury buildings, when no inconvenience will be caused to the public.

81. *Mr. Maine.*—Then the inconvenience arises only from locality?—Yes, from locality and want of accommodation.

82. *Mr. Lushington.*—With additional establishments and with the transfer of the business of the currency department to the treasury buildings, could not the operation of cashing notes be as conveniently done by the Government as by the Bank?—Yes, it will be more convenient for the public, but I think that an officer, not the Mint Master, should be the Head Commissioner of Issue, and that he should have nothing else to do.

83. Your answer does not include the expense incurred at the circles?—No.

84. *The President.*—Are you aware that notes are not cashed except at a discount?—Yes, they are often cashed at a discount. I have had several instances brought to my notice,—one at Delhi, where an officer was charged 2 per cent. discount for receiving a Lahore note in payment of a contract, and he being ignorant of the law paid the discount: the other, of a case in Bombay. The practice is the rule, not the exception, for bankers, European and Native, charge discount whenever they are able.

85. *Mr. Maine.*—What was the discount charged?—At Delhi 2 per cent. was charged.

86. *Mr. Grey.*—Do you think a 5-rupee note would be acceptable, if there were only the same facilities for cashing notes as at present?—I think even under existing facilities for cashing notes that a 5-rupee note would be more acceptable than a 10-rupee note is now, in proportion as it is more suited to the wants of the mass of the people, but I think it possible to make a 5-rupee note very acceptable by issuing one universal note for all India under the arrangements before stated.

87. Have you ever thought how those facilities should be afforded?—Under certain restrictions through local treasuries.

88. You said just now that the establishment of circles tends to retard the progress of a Paper Currency: do you think, to take an extreme case, that if there was an issue from every district treasury, and the Natives of every district were able, consequently, to take their notes and get them immediately changed for coin at the district treasury, that a Paper Currency would thereby become unacceptable to the Natives?—I have never thought of this point, because the establishment of district issues seems impracticable.

89. *Mr. Lushington.*—Did not the Bank receive a large commission for establishments?—Yes.

90. Are you under the impression that Government has gained by the transfer of the currency from the Banks?—Yes, the expense to the country has been diminished.

91. Taking the percentage paid to the Bank, and the amount of the expenses incurred by the head office at Calcutta, the result will be in favor of the currency department?—Decidedly so. The commission to the Bank of Bengal on a circulation of Rs. 3,20,00,000 would be Rs. 20,000 a month, whereas the additional expense Government has been put to since the transfer of the exchange business from the Bank has been less than Rs. 1,300 a month. There is no set-off against the risk from cashing forged notes, for the Treasurer is responsible for such payments, and, up to date, no forged note has passed undetected either here, or, as I believe, at the Bank.

92. *Mr. Cowie.*—Bearing in mind that the general treasury is now on the premises of the Bank of Bengal, and that the Bank of Bengal has been appointed the sole agency for transacting the business of the Government, do you not think that the Bank premises would be the most convenient place for issuing and cashing notes?—For the Bank of Bengal the arrangement would doubtless be the most convenient; indeed, I think if the currency office were so placed, the Bank could force a large amount of its legitimate work on the currency at a saving to the Bank and consequent expense to the currency, and that in this matter the

currency would be obliged to do the work, while the public would get no advantage whatever from the arrangement. For the public, the arrangement would not be convenient, as those who employ the Bank of Bengal would not go to the currency office at all. The people who deal with the currency office are those who have no Bankers. The position of the Bank of Bengal, as far as regards the custody of notes and coins, &c., being located in a convenient part of the town would be unexceptionable. A Government note office under distinct control should not be in the premises of the Bank of Bengal, where two authorities could not fail to clash. It should be a distinct office located in some convenient spot.

93. *Mr. Grey.*—Is it not an anomalous arrangement that every other demand against the State should be payable at one place, *viz.*, the Government treasury branch at the Bank of Bengal, and that for the one liability of cashing currency notes a separate and independent office should be set up in quite a different locality?—Provided that office was centrical; cashing currency notes could be equally well conducted there. It would, of course, be an advantage to the constituents of the Bank that notes should be cashed under its roof, but those who were not constituents of the Bank would not care where they went to get cash for their notes provided the place was conveniently situated.

94. *Mr. Inshington.*—According to the last Currency Returns there is an increase of nearly two millions sterling in the circulation of 1864-65 over that of 1863-64; how has that occurred: is it to be accounted for by the increase of actual circulation or by the employment of notes for remittance purposes?—Of the increase of (2) two crores of rupees, 117 lakhs of rupees is the increase in the notes of the presidency towns, and 83 lakhs of Rupees is the amount of notes issued by the branch offices. The currency offices have no data to show how much of the notes are actually in the hands of the public. But, with regard to the presidency notes on the 30th April 1863, the Banks held 26 per cent. in their balance, and 74 per cent. were out in circulation, which includes notes in the Government treasuries. As regards the branch circle notes, out of 83 lakhs of rupees issued, 15 lakhs of rupees were held in Calcutta, having been cashed here.

95. What is the present system of cashing notes?—The notes are received by an examiner, who examines them as to their genuineness and with the list of stopped notes. He then enters their value and description in a cheque book and in a register, and hands the cheque over to the cashier, who pays the party coin or other notes as demanded.

96. How long does it take to give cash for notes in Calcutta?—During February, up to date, transactions averaged Rs. 475 in value, and, on an average, were disposed of in 2¼ minutes per transaction.

97. What time does the office close?—At 3 P. M. daily, except on Saturdays, when the office closes at 1 P. M.

98. *The President.*—What become of notes when returned?—They are taken every evening and sorted, and are then sent to the issue department for re-issue, where they are re-examined; when they are found to be worn out they are withdrawn from circulation. The establishment would be a trifle if the notes were never re-issued, but the expense for providing new notes would be upwards of 2½ lakhs of Rupees a year, according to the present state of the note circulation, and more if the notes are more extensively used.

99. What is the reason the old notes are re-issued:—the Bank of England never re-issue.—the Bank of England never issue any but new notes, and is not this a safety against forgery?—Yes, dirt and injuries to a note will always be of assistance in concealing bad work, and consequently helps to pass a forgery.

100. The Presidency Banks hold their reserves principally in currency notes, do they not?—I believe so, but I have only occasional means of knowing. I get a Return from the Bank of Bengal periodically, which is my only source of information. If the Banks followed the practice of the Bank of England, the signed notes in their balance would be considered as notes in circulation, the notes actually in the hands of the public would be considered as notes in active circulation.

101. When they issued their own notes, the circulation of the Banks was only the amount actually in the hands of the public?—No, for all the notes the Banks hold are paid for and are in actual circulation. I do not know what the Bank Charter provided for, as in any comparison of the kind, the amount of notes in active circulation should be contrasted. As regards the Bank of Bengal notes, the notes in the hands of the public should be the amount of notes in active circulation. As regards the currency notes, the amount of notes also with the public, including those with the Bank of Bengal or any other Bank, and those in the Government treasuries, would represent the notes in active circulation.

102. If there was a Gold Currency, do you think that notes of the value of Rs. 5 would circulate?—Yes, I do not think that gold will interfere with the circulation of notes.

103. Have you reason to suppose that if notes of Rs. 5 were issued, they would be readily taken by the public and kept in active circulation in the mofussil as well as in the presidency town?—No, notes will not for a long time circulate so well in the mofussil as in towns, but in proportion as other notes circulate in the mofussil, so will 5-rupee notes circulate better, being of a value more convenient to those who will use them.

104. Supposing no Gold Currency to be legalized, and coins issued of the value of 5 rupees, would there be the same want of 5-rupee notes as is assumed now to exist?—Yes, there would, because, though gold might circulate at times when it was placed in circulation by a large influx of bullion, I cannot see how gold can remain and circulate permanently and usefully in the country under the condition of a double standard.

105. *Mr. Dickson.*—In the event of political disturbance or distrust, would not the holders of 5-rupee notes be the most likely to convert them?—Yes, they would.

106. *The President.*—Have you ever considered the expediency of having a Gold Currency?—I have considered the question, but I cannot attach any value to such opinions as I have formed, and I should give them with hesitation.

107. Have you ever heard the Natives of India express a wish for a Gold Currency?—Yes, I know that gold is popular with Natives; gold is found in small quantities all over India. It was the earliest known coinage. It was the currency of the South of India up to a comparatively late period, and has been traditionally connected with the times of the greatness of its people. Gold was largely paid by Natives of India as tributes, and even now forms a portion of every nuzzur. It was imported into India by the Romans during the first century at the rate of £150,000 per annum in exchange for cotton and indigo. No silver is found in India, which fact, coupled with the probability that the wealth of India was formerly comparatively with foreign countries much greater than it is now, and such as to enable its people to use gold as a currency, may account for its previous use and its present traditional popularity.

108. Do Natives anticipate that gold coin would be taken more freely than rupees?—All that I have ever heard has been a vague desire for a gold coinage. I have never heard from a Native a single practical suggestion on the subject.

109. What coin would you prefer to see introduced?—The sovereign.

110. Why do you prefer a sovereign to any Indian coin?—I look to the Australian sovereign being made identical with the English sovereign, in which case, it would be the most economical arrangement, as saving the country the cost of recoining a Gold Currency. It would enable merchants, in time of emergency and large influxes of bullion, to lay down their money in India quicker and with certainty. A sovereign worth Rs. 10 gives a decimal valuation, which is easier in accounts than that of 1 to 15 in the mohur. If the English sovereign be made a legal tender at Rs. 10, the cost of the rupee could be adjusted to that rate by an increase of Mint charges on silver, and until by re-action of foreign markets the effect of those charges was nullified, the sovereign would pass current at Rs. 10 to a sovereign. The present rate of Rs. 10·132 per sovereign would seem to show that an increase in Mint charges on silver by 2 per cent., or up to 4·1 per cent. total charges, would effect the object. A slight

alteration in the copper coinage changed to bronze would make a very good decimal currency that would, when the time arrived to change the standard to gold, require only the depreciation of the rupee or 2-shilling piece to assimilate it to the currency of the mother country.

111. When gold is in the form of a gold mohur, does it bear in the mofussil stations a higher relative value than a sovereign?—Whenever the gold mohur is in demand and bears a value above bullion, gold is brought to the Mint for coinage; this is sometimes the case, but I have no means of knowing the relative value of sovereigns and mohurs.

112. *Mr. Maine.*—You have had a considerable number of sovereigns paid into the currency department? Yes. We have had so much as Rs. 46,04,185 worth of sovereigns at one time, *viz.*, at Calcutta Rs. 29,03,420, at Bombay Rs. 17,00,000, and at Allahabad Rs. 765 worth.

113. *The President.*—When was that?—On the 2nd September 1865.

114. *Mr. Maine.*—And all these sovereigns were paid in at the rate of Rs. 10 a sovereign? —Yes.

115. What was the nominal value of a sovereign at that time?—I do not know, but it could not have been more than Rs. 10.

116. *Mr. Cowie.*—Were these English or Australian sovereigns?—I am not aware, they were received indiscriminately. I have been asked to give English sovereigns when notes were presented, but I refused to give them, as I considered it right to carry out rigidly the intention of Government, *viz.*, to place English and Australian sovereigns on the same footing.

117. What is the reason that the price of a sovereign varies so considerably in India at different times?—I think it arises a good deal from the fact of its not being a legal tender, and, consequently, its price rises and falls according to supply and demand like any other commodity, and there is always a demand for English sovereigns from people proceeding to England.

118. *Mr. Dickson.*—Did not the Bank of Bengal tender at one time a certain number of sovereigns which you refused to take, because you would thereby have exceeded the limit fixed by law?—Yes, in August last, I refused to take more than 9 lakhs of rupees worth out of 16 lakhs tendered, because that sum would complete the maximum which the Currency Act permitted me to hold against the issue of notes.

119. *The President.*—What became of the sovereigns which accumulated at the currency department?—In September 12 lakhs of rupees worth were sent to the Bank in exchange for silver bullion held in the Mint, which sovereigns were, I believe, remitted to England. In January 15 lakhs of rupees worth of sovereigns which lay dormant at Bombay were sent to the Bank in exchange for rupees for remittance to Madras, where, it was reported, they could be readily disposed of at Rs. 10 each.

120. Is gold ever brought to you for coinage?—Very seldom.

121. And when it is brought what coins do you turn out?—Gold mohurs only.

122. *Mr. Maine.*—Is the Australian sovereign purer than the English?—The amount of pure gold in both coins is the same, and is 113·0012. The alloy in the English sovereign is copper. The alloy in the Australian sovereign is silver and copper.

123. *The President.*—The present Gold mohur is coined at the rate of Rs. 15, is it not?—Nominally at Rs. 15, *i. e.*, it enters into the accounts which are kept in rupees at that rate

124. What is the value of a sovereign relative to a gold mohur, the gold mohur being taken at Rs. 15?—Rs. 10·2728, or Rs. 10-4-4.

125. *Mr. Maine.*—Does the gold mohur get into circulation?—Very seldom, if ever.

126. *Mr. Bullen.*—What is the amount of fine gold in grains in the gold mohur?—165 grains.

127. Is the standard in the Calcutta Mint the same as in England (*i. e.*), 11 of pure to 1 of alloy?—Yes, the standard is the same, the gold mohur weighs 180 grains. The sovereign and half-sovereign together weigh 184·911.

128. What would be the objection of coining the gold mohur of 185 grains, making it of the same weight as the sovereign and half-sovereign?—There would be no practical difficulties whatever in its coinage; but if a new gold coin were to be coined, I see no advantage in making it equal to a sovereign and a half, whereas making it equal to a sovereign would be more acceptable, because it would introduce a decimal valuation which is far easier than one of 15 to 1.

129. Supposing the Government had declared a sovereign a legal tender, do you think the public would have taken the accumulation of sovereigns here and at Bombay?—Certainly, they would have done so.

130. Supposing the Government to declare a coin containing 180 grains of standard gold a legal tender at Rs. 15, would it not be more profitable to importers of sovereigns to send them into the Mint for conversion into gold mohurs than to pay them away as Rs. 10?—Yes, because he would get Rs. 10·2728 minus 1·025 per cent. for seignorage, *i. e.*, Rs. 10·1676 for each sovereign.

131. Then, practically, sovereigns could not be kept in circulation?—No, they would be melted down.

132. *The President.*—Do you consider that if sovereigns were declared a legal tender, and bearing in mind the relative price of bar gold and the sovereign, that they would ever be taken out of the currency department for circulation?—I think so at once.

133. What effect have Mint charges upon the relative value of gold and silver?—Mint charges could be so arranged as to regulate the relative cost of coins from the two metals, and sovereigns could be made to circulate at Rs. 10, until a fall in the price of silver, or a rise in the price of gold in foreign markets, nullified the arrangements in India. A Statement is given showing how the charges on silver affect the relative value of silver and gold (Appendix V, page iii).

134. *Mr. Dickson.*—What are the Mint charges in Calcutta for coinage of gold as compared with the English Mint charges?—The charges are given in the Rules for the receipt of Bullion into the Mint (Appendix VI page iii).

135. Does the English Mint make any charge?—No.

Second Sitting, February 20, 1866.

PRESENT:—HIS EXCELLENCY THE PRESIDENT.

THE HON'BLE H. S. MAINE.	E. H. LUSHINGTON, ESQ.
THE HON'BLE W. GREY.	G. DICKSON, ESQ.
THE HON'BLE D. COWIE.	W. ANDERSON, ESQ.

H. G. DUNLOP, ESQ.

HUGH SANDEMAN, ESQ., CALLED IN AND EXAMINED.

136. *The President.*—What is your position?—I am Accountant General of Bengal.

137. *Mr. Lushington.*—Exclusive of obtaining notes by the exchange of silver, Government treasuries are replenished with notes in two ways, are they not, *viz.*, by the receipt of notes on account of Government dues and by indents from your office?—Yes.

138. Do you exercise any interference in regard to the amount and to the denomination of notes applied for in these indents; and state your reasons for interfering with the denominations?—Certainly; when a Treasury Officer indents upon me for notes, I look to the state of his cash balance, and so judge for myself whether or not the indent should be complied with. The indents are, in many cases, very wild; and while, on the one hand, I would readily comply with an indent from a treasury needing money and possessing facilities for selling notes, I should decline to comply with it in the case of a treasury with an already heavy balance,

which would be thus increased by paper to be immediately sold to the public for avowed purposes of remittance. Again, I rarely comply with indents for notes of high denomination unless to a deficit treasury, well knowing that they are not usually required for local circulation, but for remittance to Calcutta by purchasers, who thus throw the cost of transport of bullion on the State.

139. *The President.*—What right have you to interfere in the operation of the Currency Act by interfering with remittances?—Have you a right to stop that function of the currency system?—Yes, in such cases; for I should be acting wrongly in throwing notes into a treasury already overburdened with silver, and watching an opportunity to remit its surplus to the presidency. In such a case, the Collector should, if possible, purchase notes from the public for an equivalent in silver, and so remit his surplus in the cheapest and most convenient form. Were I, on the contrary, to supply him with notes on indent *ad libitum*, I should be but increasing his cash balance, and so increasing the size of his remittance at a heavy cost to Government.

140. Do you act by the orders of Government in such a case?—I conceive so. Collectors in charge of treasuries not only have a discretionary power, but are expected to exercise that discretion by the orders of Government, dated 19th March 1862, which recite—"It may be expected that there will be a tendency to employ the new notes to a considerable extent as a means of remittance and for small amounts among private parties, and in localities distant from Banks, it may be desirable that the Government should give facilities for this purpose; but it would be very objectionable if this were carried so far as to interfere with the legitimate operations of private enterprize, or with the system of supply bills to which the public are accustomed. Much in matters of this description must necessarily be left to the discretion of the local officers." If Collectors are expected to use their discretion, *a fortiori*, the Accountant General who instructs Collectors should use discretion also.

141. Have there been any complaints of indents for notes not having been complied with?—Yes. I can cite many instances. Indeed the Board of Revenue, in their report upon the circulation of Government currency notes in 1864-65, state—"Many officers complain that they are not supplied with notes by the Accountant General upon their indents, and there can be no doubt that in many places very many more notes would go into circulation if the supply were free. The Board are aware that there are as sound objections to the free *issue* of notes at some places as there are to the free *cashing* of notes at others. But they think that, at places where the Accountant General does not supply notes on indent, he should, at least, leave enough of the supply that flows there naturally to meet the local demand. The Board have remarked that this is not always attended to. Notes have been withdrawn this year, for instance, from the Eastern districts that would have been readily utilized there. Of course, if, when the supply is below the demand, any portion of the currency is absorbed by the Government for the purpose of its own remittances, the public suffer." In many of the instances referred to, I ascertained, before absolutely declining to comply with the indents, that the notes were avowedly required for purposes of remittance, and I, therefore, unless the treasury itself needed money, declined to comply with them. I have, however, in most cases sent supplies of notes of small denominations which might probably be useful for local circulation, without inconveniently increasing my cash balances in the mofussil.

142. *Mr. Lushington.*—Be good enough to explain the terms *surplus* and *deficit* treasuries?—By a *surplus* treasury is signified a treasury of a district whose revenue exceeds its expenditure, and which, consequently, remits its surplus to the general treasury at Calcutta, or to some of the local treasuries, as instructed by me. The opposite to this, or a treasury of a district which has to be fed with funds, owing to its expenditure being in excess of its receipts, is called a *deficit* treasury.

143. Do you exercise sole control over the officers in charge of treasuries with reference to currency notes?—Not entirely, though, I am of opinion, I ought to do so. Collectors have, as it were, two masters, owing to the occasional interference of the Board of Revenue with what I conceive to be purely my province. The Board have, for instance, written to me on more than one occasion to the effect that Collectors are without notes of certain denominations. I submit that, with reference to the regulation of resources, the Accountant General should have undivided control over treasury officers.

144. Are there one or more circles in the Bengal presidency?—There is one circle only But there is a smaller circle within this which issues notes technically known as "No. 1" notes from their having that mark stamped upon them as a distinguishing mark. These notes circulate in eight treasuries in the Assam territory. The idea of issuing them emanated from the Bengal Government, and was supported by one of my predecessors, the object in view being to secure convertibility in Assam by holding a reserve of silver to meet the issue, and at the same time to assist tea planters and others in making remittances. Both the Board of Revenue and myself are of opinion that the distinction might be abolished. They are of no use to planters who make their remittances to and fro by the safer channel of supply bills, or to the general public who are much more in need of small silver and copper than of paper to meet local requirements. The whole circulation of No. 1 notes is now Rs. 2,50,000 only, of which the greater portion, or Rs. 1,78,000, is in the treasuries, and a large sum is probably in the Bank of Bengal at Calcutta and Dacca. No notes marked as "No. 1" notes are issued for a higher denomination than Rs. 100, and there is a small establishment entertained at Kamroop to work the circle. This costs Rs. 100 per month, and might be altogether abolished with advantage.

145. What were the reasons for making any exception in favor of the Assam districts?—The object was to promote the circulation of notes in that province.

146. How has the modified system worked in Assam—has any inconvenience or any expense resulted to Government therefrom?—It has worked but poorly, none of the notes are of a denomination of more than Rs. 100, and the majority of these notes have always been lying idle either in the Assam treasuries or in the Bank of Bengal. This shows that the public (with occasional exceptions) use the notes for purposes of remittance only.

147. Reverting to the ordinary system in force in Bengal, might it not happen that if a Collector were fully supplied with notes on indent, and were to exchange them as freely for silver, his treasury would be over-stocked with rupees, and Government would have to incur a heavy expense in the remittances of specie to Calcutta, instead of the Collector making his remittances to the general treasury in parcels of notes by post?—Yes, such would be the tendency. If a Collector, for instance, not in need of funds, but having a surplus ready for remittance, were to be supplied with notes for the public convenience only, his general balance would, in the first instance, be inconveniently increased, and ultimately he would have a plethora of silver by the sale of notes to the public, who, in using them for remittances, would simply be transferring the cost of such remittance from their own shoulders to those of the State. If the notes were to remain in the treasury, they would be lying idle, and the cash balance inconveniently increased without any corresponding advantage.

148. *Mr. Dunlop.*—Are these surplus treasuries you are talking of?—Yes.

149. Then there would be an advantage to Government?—No. It would be advantageous for the Collector to receive notes from the public in exchange for silver up to the extent of his intended remittance, by which his balance would not be affected, and his remittance made in a cheaper form. But, by receiving notes from the Government for sale to the public, he would increase his cash balance, and, consequently, the size and cost of his own remittances.

150. *Mr. Lushington.*—Has it not happened that in consequence of a Collector cashing notes too freely for silver he has fallen short of the quantity of silver necessary for Government requirements, and Government has had to incur the cost of making a specie remittance to the treasury in question to make up the deficiency?—Yes. I can cite an instance which occurred about a year and a half ago, when the Collector of Balasore (a surplus treasury) cashed notes to such an extent that he drained his treasury entirely of silver, and was compelled to indent upon a conterminous district for Rs. 1,50,000 in whole rupees. In that instance, the Collector should have ceased cashing notes as soon as they touched in amount an equivalent in value to the remittance which it was his intention to make.

151. *Mr. Maine.*—Are the Collectors who come to you officers under the designation in the Act of Deputy Commissioners of Currency?—No.

152. In what capacity do they come to you for notes?—They apply to me as treasury officers for notes either to supply their own wants, or to issue to the public in exchange for silver. The Board of Revenue are of opinion, I believe, that Collectors should issue notes whenever required by the public. I differ in this opinion, and would consider the actual requirements of treasuries in regulating the supply of notes, as otherwise the Government would be great losers in the cost of remittances, as well as by having to keep unnecessarily heavy balances in the treasuries. There can be no reason why the Government, as well as the public, should not derive advantage from its own Paper Currency.

153. *The President.*—Your functions do not extend beyond Bengal Proper?—No.

154. *Mr. Dunlop.*—Is Balasore a surplus treasury?—Yes.

155. Are not large irrigation works going on down there?—The Irrigation Company draw upon Cuttack chiefly; the drawings in Balasore are very small, and the Collector having cashed notes to such an extent was exceptional. Under ordinary circumstances, I cannot sell bills on Balasore for above eight or ten thousand rupees a month.

156. *Mr. Lushington.*—Have any restrictions been imposed by the Government to prevent the recurrence of the inconvenience of Collectors cashing notes too freely?—There were restrictions contained in a Notification published at the introduction of the Government Paper Currency into India in the *Gazette* of March 19th, 1862, which I have already quoted, *viz*:—"It may be expected that there will be a tendency to employ the new notes to a considerable extent as a means of remittance and for small amounts among private parties, and in localities distant from Banks, it may be desirable that the Government should give facilities for this purpose; but it would be very objectionable if this were carried so far as to interfere with the legitimate operations of private enterprize, or with the system of supply bills to which the public are accustomed." Again, in April 1865, in reference to an application from Lahore for four lakhs of rupees worth of notes of Rs. 500 and Rs. 1,000 known to be required for remittance purposes, the Secretary to the Government of India, in the Financial Department, wrote as follows:—"It is not the intention of the Government of India to supply notes to local treasuries, which are obviously intended to serve as remittances for mercantile transactions in connection with Calcutta, and not for use in the subordinate circle to which they belong. Every facility should be afforded to promote the latter object, and, of course, there is no objection to an exchange of small notes for silver at local treasuries when required by private individuals for remittances on account of their own private affairs; but the Government must decline affording any such assistance when required for the purpose of trade or commerce. One of the chief objects of the Paper Currency is to promote a free circulation of notes in the circles to which they belong, and not to undertake the remittance business of the country, which could only be carried out to the great derangement of the Government funds, and with great loss to the merchants and shroffs who are in the habit of carrying on exchange operations as a regular business." Not very long ago, the Bengal Government took up a case of a complaint from a native merchant at Chittagong, and referred it to me for opinion. The complaint was to the effect that the Collector, having 1,000-rupee notes in his possession, declined to sell them for silver. I

considered that the Collector had acted quite properly, because the notes were asked for avowedly for purpose of remittance, and because the Collector himself needed them for remittance to Calcutta. I communicated a copy of my letter to the Financial Department, and my opinion was approved of.

157. Are not registers kept up by officers in charge of treasuries of all notes received and paid out by them?—Yes; and returned to the Board of Revenue. I do not require such returns, as my office is one of accounts, and not of statistics. I am made aware, however, of the gross number of notes of every denomination lying in each treasury on the 1st and 15th of every month by cash balance reports, of which I beg to hand in a copy (Appendix X, page vii) with a compilation of the returns made by Collectors to the Board of Revenue (Appendix XV, page xxiii).

158. Do you consider that the circulation is comprised almost entirely to remittance purposes, or that notes perform the function of money by freely passing from hand to hand?—I believe that the currency notes are principally used for purposes of remittance, and that 50 miles away from Calcutta they are never used in the ordinary transactions of every-day business.

159. Is there any delay and inconvenience in taking the numbers of notes?—There may be some little delay in taking the numbers of notes, and there can be no doubt that any delay or difficulty, however slight, in the way of cashing notes, would tend to make them unpopular. There is no expense attendant on taking the numbers, but it is open to question whether the numbers of notes below a certain amount should be taken. In mercantile Banks, the numbers of notes of small denomination are not taken, and now not even in the currency department, and I see no necessity for pursuing a different course in the treasuries.

160. Do notes pass freely in the mofussil in private transactions?—I believe that notes are not known beyond 50 miles of Calcutta except for remittance purposes; and that they rarely, if ever, pass from hand to hand at par in private transactions (Appendix XXXIII, page xlvi). Natives will not take paper when they can get coin unless they can make a profit by the transaction, or unless they need the paper for remittance.

161. Has the Government Notification, authorizing the receipt of sovereigns in payment of Government dues at the several treasuries, had any result in causing sovereigns to be thus paid in?—There is scarcely a sovereign in any treasury in Bengal, and I may say generally there are none.

162. *The President.*—What do you gather from this, that notes have a less value than the sovereign?—Certainly; sovereigns are worth more than 10 rupees in every bazar, whereas notes are worth less than 10 rupees at any distance from Calcutta; and people will not, of course, pay in sovereigns to the treasury under such circumstances.

163. *Mr. Maine.*—Then sovereigns do exist in the bazar?—I cannot say; they may exist in the bazars in and near the presidency towns, but not probably in the country.

164. *The President.*—Does your experience tend to prove that if circles were abolished, and there was one note only from Peshawur to Calcutta, that this would be dangerous to the State?—I think there would be very little practical difference, because it would be nearly as easy and cost no more to send a note from Peshawur to Calcutta to be cashed as it is now to send it from Peshawur to Lahore.

165. If circles were abolished, how would it be safe to ensure convertibility?—If notes were to be made convertible at treasuries, only by having large reserves of coin at every treasury, but they would be convertible, as now, only at the office of issue or its agent.

166. Could you compel people to send notes in such a case from up-country to Calcutta?—Yes, because if there was only one circle, I presume this would be at Calcutta.

167. Would not this be tantamount in the Native mind to inconvertibility?—Not more so than at present. A Native at Peshawur now must send to Lahore to get his note cashed, and, as communications increase, there will be no appreciable difference between sending it there or to Calcutta.

168. Practically, the note is inconvertible except at a discount?—Yes, I believe it to be inconvertible at any distance from Calcutta except at a discount fixed by the purchaser.

169. Have you ever turned your attention to one note for all India?—No, not for all India; but I have often considered the plan of having one note for each Presidency; indeed this is, in the absence of any restriction to compelling up-country circle notes to be cashed at the presidency town, practically the case already.

170. *Mr. Maine.*—Most of the notes are used to remit to Calcutta?—Yes.

171. *The President.*—And they all find their way to the currency department?—Notes remitted by orders from my office are sent to the Bank of Bengal, where they are credited to Government as part of the general cash balance.

172. Then outside the presidency towns notes are only used for remittance?—Beyond, say 50 miles, I believe that they are almost entirely so, and that they are but little known in ordinary transactions between man and man. I am borne out in this view by statistics, which show the number of notes lying idle in the several treasuries and their proportion to the general currency.

173. Would this result be diminished by only having one circle?—They would probably lie idle, as now, except where purchasers needed them for purposes of remittance.

174. *Mr. Lushington.*—Would it affect our average balance?—It would affect the aggregate in the way I have already shown. At present, notes and silver alike are treated as so much cash, and my duty is to see that the actual amount of silver in the hand of each Collector is sufficient for his requirements only. If there was one circle only for all India, and notes were to be cashed, as has been suggested, at every treasury, I should have not only to look to this, but also to see what additional amount of silver each treasury officer would be likely to require to meet a sudden presentation of notes by the public for payment.

175. What proportion of notes is paid in for revenue?—By the Return of the Board of Revenue, already handed in, it would appear that 113 lakhs of rupees have been paid in in notes, the whole land revenue of Bengal being four millions sterling. Large landholders sometimes pay a great deal in notes—for instance, the Maharajah of Burdwan pays in a large proportion of his revenue in notes of the denominations of Rupees 500 and of Rupees 1,000 each. These large notes are never ordered from the Bank of Bengal up-country, or only to a limited extent: not more than 100 were sent in the year 1864-65. They are sent from Calcutta, therefore, by private individuals to their constituents in the mofussil, and so move round in a circle.

176. *Mr. Maine.*—Are these notes you send to Collectors paid for by you at the Mint?—No, I get them from the general treasuries at the Bank out of the general cash balance.

177. *Mr. Lushington.*—This must affect the treasury balance then?—Yes.

178. *Mr. Maine.*—What quantity have you taken from the treasury balance?—In 1864-65 I find Rs. 1,53,00,000 sent from the Bank to the mofussil treasuries, but this does not tally with the figures given by the Board of Revenue, as they include what have been sent to the branches of the Bank, which does not enter into my statement.

179. *The President.*—Great variations of notes from time to time take place, do they not, in payment of raw produce, &c.?—I am not aware of such disturbing influences in Bengal to any extent, but they exist in the up-country circles.

180. Then there is a disturbing influence in other parts of India, but not in Bengal?—Not to an extent to cause inconvenience.

181. I see that, on the 16th of January 1866, the Calcutta note circulation was Rs. 2,94,00,000, and on the 17th of February only Rs. 2,62,35,000, how has this arisen?—Probably because large remittances were made to the Bank of Bengal on account of revenue kists.

CLAUD HAMILTON, Esq., called in and examined.

182. *The President.*—What is your occupation?—Merchant.

183. To what Firm do you belong?—To Jardine, Skinner and Co.

184. Are you aware that considerable business has been done by remitting Government currency notes from one place to another?—I am not aware that considerable business has been done.

185. For payments of sums under 10 rupees, which would Natives prefer, gold or notes?—Gold.

186. Can you give a reason?—I think that the uneducated class, to whom such payments are necessary, do not know enough of the basis and objects of a Paper Currency to feel confidence in it. And the immemorial habits and modes of thought of the Natives naturally induce them to prefer a metallic to a Paper Currency, which is a novelty to them.

187. Then, according to this, you are against a 5-rupee note?—I am.

188. You have seen a good deal of the Natives of India, have you not?—Yes, a good deal.

189. Have you ever heard the Natives give any opinion on a Paper Currency?—I cannot say I have had any opportunity of discussing this with them, except in Calcutta. When I was resident up-country there were no notes except those of the Bank of Bengal.

190. There were, at the time you speak of, no notes of other circles issued?—No.

191. Your remarks are simply confined to Calcutta?—Yes.

192. Are the Natives anxious for a gold coinage?—I have no particular means of knowing. I think, however, from their habit of using gold when available, that it would be suitable to their wishes.

193. Have you ever heard what description of coin they prefer?—No.

194. *Mr. Maine.*—Have you ever had much occasion to use notes as a means of remittance?—No.

195. Not as a remittance to Mirzapore?—No. But to Midnapore and other districts in the neighbourhood of Calcutta I have used them a little.

196. And have they been readily received?—To a certain amount they have been.

197. *The President.*—Has your firm been in the habit of importing gold?— It has.

198. At what rate can gold be laid down?—The invoice cost of gold in Sydney is, in my experience, always £3-17-10½ per oz., while in Melbourne it ranges from £3-16-10 to £3--17-10 per oz. standard (including duty); but the laying down cost to the importer depends so entirely upon a question of exchanges that it is difficult of definite statement; and looking at the question as one affecting the currency, I have been in the habit of regarding the selling price here as the best practical test of the actual cost to the importer, as it is not to be supposed that the trade would be maintained to the extent it has been unless it paid those engaged in it.

199. For what do you get gold?—It comes to us as proceeds of tea shipped from China to Australia, and for the purchase of opium for shipment hence to China.

200. In what shape does gold come to you?—It comes in bars.

201. *Mr. Maine.*—Do all your payments for opium come in gold bars?—No, that is only one form of payment.

202. Do you exchange this gold for notes at the currency department?—The gold is always sold in the bazar, and we never take it to get notes.

203. *The President.*—What is the selling price of gold as compared with the value of gold in a sovereign?—This varies from time to time. According to this statement, which I beg to hand in (Appendix VII, page vi), it is shown that in the years 1864-65 gold had, during about three-fourths of that time, been selling at or under Rs. 14-9-8 per tolah of 22 carats

fine. Now Rs. 14-9-8 per tolah of 22 carats fine of standard gold gives a price of 10 rupees for the weight of gold in a sovereign, it follows that the quantity of gold in a sovereign could generally be purchased here for less than 10 rupees.

204. Have you any note as to the actual selling price of a sovereign for the last two or three years?—No, for I have no dealings with English or Australian sovereigns.

205. Sir C. Wood puts forward this proposition in his demi-official letter to the Hon'ble S. Laing, dated 9th April 1861 :—"But then, if we could *substitute* paper for silver, we *pro tanto* "stopped the demand for silver from Europe. If a million of notes took the place of a "million of silver, this amount of metal was available then for all the purposes which paper "could not answer, small coin, bangles, or any thing else.

"But in order to attain this aid, notes must be *substituted* for silver; must be of such "a size to perform the functions hitherto performed by silver, and the *greater the extent* to "which this could be carried, the *better*." Do you think it possible that such would take place?—If notes to a large amount were received into circulation, of course these would take the place of silver. I think, however, that notes to any great extent will not be received in India for minute payments.

206. Then you think that notes do not perform the functions of money?—Certainly not in the mofussil. But in the presidency towns, they do to a certain extent.

207. Has the trade in hoondees been affected by the Currency Act?—I am not aware that it has.

BABOO PROTIT PAUBUN SEIN, CALLED IN AND EXAMINED.

208. *The President.*—State your name and position?—Baboo Protit Paubun Sein, Exchange Broker.

209. *Mr. Dunlop.*—Are Government currency notes freely and willingly taken by Natives in ordinary monetary transactions in Calcutta?—Yes.

210. And in the mofussil?—Yes.

211. Can holders change their notes readily in the Calcutta bazars? They can.

212. Do you think that the currency notes would circulate as well if issued by a Bank as by the Government?—Yes, they would.

213. Do you think a note of 5-rupees would increase the note circulation, and be a convenience?—It would.

214. *The President.*—You say that holders could change their notes readily in the Calcutta bazars, can they do this in the bazars in the mofussil?—Provided there is a place near the bazar, where notes can be converted, they would be able to do so.

215. What do you mean by this?—If Natives have to go any distance to get their notes cashed, or if there is any inconvenience arising from cashing notes, then notes do not pass readily; but, as I said before, if there is a place near for converting them, then notes pass freely.

216. This is the case at the head quarters of currency circles now?—Yes.

217. What do people do away from the head quarters?—They charge *batta* on the conversion of notes into rupees.

218. Consequently currency notes sink to the rank of commercial paper?—Quite so.

219. At what distance from Calcutta is this *batta* charged?—I can hardly say for certain, as I have had no practical experience, but I should say outside a radius of 50 miles.

220 And what discount is charged?—That depends on the exchange ruling between the place and Calcutta, and also upon the distance from Calcutta.

221. But the exchange being equal, what is the discount usually charged?—There is no fixed discount, but if a Native would have much trouble in getting the note cashed, *i. e.*, if he lived at a distance from the currency office, of course he would ask for more *batta*.

222. *Mr. Maine.*—This will depend then on the facilities of communication?—Quite so.

223. *The President.*—Is there any preference in circulation among the Natives between notes and hoondees?—Yes, I think so; and the preference is given to the hoondees.

224. Why is this?—Hoondees are drawn on demand, and money is got for them at once on presentation.

225. Is there much remittance business done in Calcutta notes?—Yes, a great deal.

226. And how is it done?—If people have a good deal of money to remit up-country, they take notes as being a great convenience, preferring to remit these instead of Rupees. A man, if he buys produce from an up-country merchant, prefers to remit notes in payment.

227. When notes are sent, who take them?—Shroffs and mahajuns.

228. And do they take them deducting discount?—That depends if they have to wait long to get them converted into rupees.

229. Will ryots and the commoner class of people take notes?—Yes, they will take the smaller notes largely, and I have no doubt they would take the 5-rupee note.

230. Have you knowledge of this by actual dealings with them? I have been enquiring and every one tells me that Natives would receive notes readily, provided there was a place near where they could convert them without any difficulty into rupees. I have had no personal experience, but this is what I am told the Natives generally would do.

231. Do Native merchants deal much with European Banks?—They do.

232. And in money dealings they make use of cheques?—Yes, they do.

233. Do these cheques take the place of Paper Currency?—There are very few cheques on Bankers used by people up-country to my knowledge. Hoondees and currency notes are the only kinds of remittance used.

234. And in Calcutta, do the Natives transact business by cheques? Some Natives in Calcutta open accounts with European Banks and use cheques.

235. Then the system of cheques reduces the amount of currency?—I think so. People who pay in cheques have two objects in view. On the one hand, it is more convenient, and on the other they have no need to keep notes in hand. But some class of people, like the Jews, have no confidence in European Bankers, and these always keep a stock of notes.

236. Is the cheque system used in the mofussil?—I think so.

237. *Mr. Grey.*—You said just now that the 5-rupee note would be a convenience to the Natives. Would it be a convenience to those among whom notes now circulate and to the ryots?—Ryots' wages vary from 5 to 10 rupees a month, and if there were 5-rupee notes, the people who would receive these would be a different class of people from the present holders.

238. Do you think that the ryots would take these notes if there were only the same means given for converting them as at present exist? If facilities were given, I have no doubt that these notes would have a wide-spread circulation. But if no facilities were given, *i. e.*, if Natives found that they had to take considerable trouble in getting rupees for these notes, I doubt if a 5-rupee note would circulate. It must depend on the easy conversion of the note whether it would be acceptable or not.

239. *The President.*—Would they have as much confidence in these notes as they have in rupees?—Not at once, but gradually they would get confidence.

240. And there is not this confidence yet in the Native mind?—Natives certainly have more confidence in Government notes than they had in the Bank of Bengal notes.

241. Why is this?—They looked on the Bank of Bengal as a Joint Stock Company, and associated in their minds the many vicissitudes of such a Company. But with Government notes

the case is different, for Natives believe that the credit of the Government is at stake, as regards the circulation of Government notes, and this gives them more confidence.

242. *Mr. Maine.*—The common people then consider Government notes as good as silver?—Quite so.

243. *The President.*—Then you are clearly of opinion that a note issued by Government is preferable to Natives than one issued by a Bank?—Yes, for as long as people see the note circulation is in the hands of the Government, confidence will be maintained.

244. *Mr. Cowie.*—You state that the Natives take Government currency notes in preference to those issued by a Bank, can you state why Government currency notes are not taken by them in so great a proportion as they were when the Bank of Bengal issued its own notes?—I believe the note circulation is now more than twice what it was when it was in the hands of the Bank of Bengal.

245. Yes, but looking to the increasing wealth of the country, and to the vast expansion of trade of late years, how is it more notes have not been taken by the Natives? I cannot say. All I know is the fact, that Natives have more confidence in Government notes. They certainly send their notes quickly to be cashed, and, as a rule, do not keep them for any length of time.

246. *Mr. Grey.*—Do you believe there is more paper in circulation (I mean in the hands of the Natives) than there used to be?—Yes.

247. *Mr. Dickson.*—You are referring to the time before the Bank of Bengal opened out branches?—Certainly.

248. With numerous branches established throughout the Presidency, and if the Bank's now notes were received at the treasuries in payment of Government dues, is it not probable that an equal amount of notes would now be outstanding?—If the Natives had as much confidence in the Bank of Bengal note as in the Government note, then there would be no reason why the Bank note would not have as great a currency. This, of course, would depend on the Bank note being readily convertible into silver.

249. What was the fall in Government securities in 1857-58?—More than one-third.

250. And in the shares of the Bank of Bengal at the same time?—Not so much in proportion.

251. That is to say, that the Bank of Bengal shares stood better in the money market than Government securities?—It would appear so. The Bank of Bengal shares are not much held by Natives.*

252. *Mr. Maine.*—You mean then to say that Natives hold Government securities in a greater proportion then they do Bank of Bengal shares?—Certainly. All the richest families in

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* The Baboo gave his answers to Mr. Dickson as printed; but a few days after his examination, he wrote me th following letter:—

In my answer to Mr. Dickson's questions about the relative fall of Government papers and Bank of Bengal shares during the mutiny in 1857-58, I said the fall on Government paper was one-third, and the fall on Bank of Bengal shares was not in proportion at the same time, that is, Bank of Bengal shares stood better than Government papers; this I fitted on reference was not the case, as it appears from the following statement of rates of both Government papers and Bank of Bengal shares, from 1857 January to 1858 July, which shows the fall on Government papers was 10 to 13 per cent. discount, while the fall on Bank of Bengal shares was Rs. 800 equal to 20 per cent. (The par value of a Bank of Bengal share is Rs. 4,000).

	Government 4 per cent. papers.	Bank of Bengal shares.
1857, Jan. 17	per cent. discount	6,800
" May 13	" "	6,400
" Sep. 26 to 27	per cent. "	6,000
" Oct. 23 to 24	" "	5,600
" Nov. 22	" "	5,800
" Dec. 26	" "	6,400
1858, Feb. 18	" "	6,100

The Baboo's figures are wrong, and Mr. Dunlop has sent me a correct statement of the price of Government 4 per cent. and Bank of Bengal shares during the year 1857 [Appendix VIII, page vi.]—DENZIL R. ONSLOW, *Secretary.*

Calcutta hold their money in Government securities, and I should say, as a rule, three-fourths of their money is invested in securities to one-fourth held in other stock. I know the Mullick family, the most wealthy people in Calcutta, draw most of their income from the interest on Government securities.

253. *Mr. Dickson.*—What is the registered public debt?—I do not know.

254. The whole debt of India is about £100,000,000: do you know how much of this is held in England? I cannot say.

255. If I were to tell you that only one-fifth of the entire debt was held by Natives, would you consider that a fair proportion?—It is quite possible.

256. Then you are unable to give the proportion between Government securities and Bank of Bengal shares held by the Natives?—Yes, my conviction is that there is a far greater proportion of Government securities held by the Natives. I have no actual knowledge beyond my own circle of friends.

257. Is full value given for the Government currency notes in the Calcutta bazar?—In changing notes in the bazar discount is always charged by the shroffs, &c., and the amount charged is regulated according to time and distance.

258. What do you mean by saying according to time?—On Sundays and holidays a larger discount is charged.

259. Would you propose that the present number of circles in India should be extended, or that there should be subordinate circles within the existing circles?—I think if Government wishes to extend its currency, it must have further circles.

260. Are you aware that a large amount of notes come from the provinces, when money is dear in Calcutta?—I am not aware of this.

261. You stated that many Natives keep accounts with Banks, do shroffs?—I cannot say.

262. Are not the shroffs the largest dealers in the bazar?—I am not aware that they are.

263. Do you not think that most of the business in the bazars passes through the hands of shroffs?—Yes, the bulk of the transactions are done by shroffs.

264. Do these shroffs hold more notes or silver?—Notes.

265. Is there a difference in practice between the business now carried on by shroffs since the introduction of a Government Paper Currency?—Not in Calcutta. Since the introduction of Government currency notes, more business has been done by notes and less by cash.

266. Would you consider it a hardship if ryots in Oudh were paid in 5-rupee notes, and had to go, say to Allahabad, to get them cashed?—Certainly. If there was no place nearer than Allahabad, where these 5-rupee notes could be readily convertible, it would be a great hardship. If ryots found that they could not get cash except by paying *batta,* I doubt if 5-rupee notes would ever circulate.

267. In fact to get cash for these notes, they would be content to receive a less amount than if they were paid in silver or gold?—Quite so.

268. *The President.*—Do you understand the system of circles?—Yes, I do.

269. Does it obstruct the passage of notes?—I think so, to a certain extent.

270. To make the note circulation practical, a man ought to be able to change his note for silver at each treasury, ought he not?—This, of course, would be an immense advantage, and would soon increase the circulation to a large amount.

271. Do you think there would be a run on any treasury in such a case?—Scarcely ever.

272. Put the case of a rebellion—say in Oudh—and a great rush was made for converting notes into rupees, would not this cause a run on certain treasuries?—Certainly it would. In case of a mutiny, of course, there would be a run.

273. Nothing short of a great outbreak would cause such a great demand for rupees at any treasury as to swamp it with notes?—I think not.

274. Do you think that a gold coin of the value of 5 rupees would be a greater convenience than a note of the value of 5 rupees?—It would practically have the same convenience; but I have no doubt that the natives would take the gold coin in preference to the note of like value.

275. Then you are in favor of a Gold Currency?—Most decidedly.

276. *Mr. Maine.*—Would small gold coins be taken by Natives?—Yes.

277. In any part of India?—Yes.

278. *The President.*—What coin would be most liked?—A coin of our own, coined in India, and of the value of 15, 10, and 5 rupees.

279. In fact, you think the gold mohur now coined would be the best coin?—Yes.

280. If gold was a legal tender, do you think any *batta* would be charged in the bazars for conversion into silver?—I think not in Calcutta.

281. It is sometimes said that gold is of greater value relatively to the rupee in the bazars in the mofussil than in Calcutta, is this so?—I think so in small quantities. If a large quantity of sovereigns was offered for sale in the bazar, and there was no demand for this coin, then the sovereigns would only fetch so much as bullion.

282. Supposing the sovereign is worth Rs. 10-2 in Calcutta now, what would be its price in the mofussil bazars?—I should say about Rs. 10-2-6.

283. What is its price at present in Benares?—I have no means of knowing. If there is only a small quantity in Benares, then perhaps the sovereign would sell for a little more than Rs. 10-2-6; but if a large bulk of sovereigns are in the market, then their price will be the same as gold bullion.

284. *Mr. Maine.*—If notes to the value of, say £30,000, were sent to Benares, would these be held?—No, they would be cashed immediately.

285. *The President.*—What is the cause of the difference in price between the Australian and English sovereign?—I think this is the case only in the presidency towns. People in Calcutta seem to like the English sovereign and give a fancy price for it.

286. *Mr. Dunlop.*—What is the present difference in price?—From 6 pie to 1 anna.

287. *Mr. Anderson.*—Do you think you could sell ten or twenty thousand sovereigns above 10 Rupees?—No.

288 Are you quite sure you could sell them at par, *i. e.*, at 10 Rupees?—Quite sure.

289. When the order was issued that sovereigns might be paid into the treasuries at 10 rupees, how was it so many at first found their way to the Bank?—I think it was because people had such a large stock on hand, and were glad to get rid of them at par, as there was no demand for the sale of so many in the bazars.

290. Would a sovereign circulate at any thing above 10 rupees—say at Rs. 10-4?—No, not above 10 rupees—there would be general dissatisfaction if the sovereign was declared legal tender at Rs. 10-4, or at any thing above 10 rupees.

291. *Mr. Cowie.*—But not if the value was Rs. 10-4?—The Natives are accustomed to look on the sovereign as equvalent to 10 rupees, and it would be difficult to eradicate this from their minds. Besides great confusion would be caused by recognising the sovereign at any other price than 10 rupees.

292. *The President.*—If gold was a legal tender, would it rise in price?—There would be very little fluctuation in the value of the sovereign in such a case. The sovereign has a certain fixed price which it must always command.

293. If the sovereign were legal tender, would gold be cheaper or dearer, *i. e.*, would gold cost less than it does now as a commercial price?—I think there would be little difference in its commercial value.

294. *Mr. Maine.*—Do you think then that, if the sovereign were legal tender, its price would keep steady?—Yes, and I believe it would cease to fluctuate in the market.

295. *The President.*—Have sovereigns ever been sold for 10 rupees?—Oh yes, only lately.

296. Are Natives accustomed to gold mohurs?—Yes, more than to any other coin.

297. *Mr. Dunlop.*—Would coins of the value of 15, 10, and 5 rupees circulate freely?—Yes, they would.

298. *The President.*—Now, if gold was worth more in another country, would it not be exported from India?—Yes, it would.

299. If there was a gold coinage, would it affect silver in the country?—Gradually.

300. Would it affect silver as much as a large circulation of currency notes?—I think so.

301. Where does all the silver go that is imported into India?—It is either hoarded or melted for conversion into personal ornaments; but there would be less demand for silver if gold was introduced and declared legal tender.

302. Yes, but how about a note circulation—would not silver be exported if India had a large note circulation?—Not in the same degree, for people would generally keep a certain amount of silver in reserve to cash notes.

303. Does the increase of the note circulation decrease the demand for specie?—Not at present, but ultimately I believe it will.

304. Has it ever occurred to you how many crores of rupees are floating about India?—Roughly, I should say one million crores.

305. You mean by that an infinite number?—Yes.

306. What effect can the issue of, say eight crores of paper, have upon this large mass?—Not much I should say; but I believe the time will come when people will find it more convenient to make use of notes rather than silver, and I expect a great increase in the note circulation when they find this out.

307. *Mr. Maine.*—If all these eight crores were added in silver, would this make any difference?—No, I think the money market would not be affected in the slightest degree.

308. *Mr. Cowie.*—Have you any more reason for saying that there are a million crores of rupees floating in India than five hundred thousand?—No; but I mean by one million crores that this is an infinite quantity.

309. *Mr. Dunlop.*—A sovereign is worth more than 10 Rupees?—Yes, it is.

310. Then to introduce that coin and make it circulate freely, an alteration would have to be made in the value of the silver rupee?—Yes, you must alter the value of the rupee, making 10 rupees equivalent to the sovereign, thus increasing the value of the rupee.

311 Do you think such a change could conveniently be made, or would the difficulties attendant on such a change be insurmountable?—It would cause very great inconvenience and confusion.

312. It would interfere with the public debt?—Yes, in many ways.

313. Then you would rather make the sovereign equivalent to 10 rupees than alter the value of the rupee?—Yes, I would much rather see this done.

Third Sitting, February 27, 1866.

PRESENT:—HIS EXCELLENCY THE PRESIDENT.

THE HON'BLE H S. MAINE.	G. DICKSON, ESQ.
THE HON'BLE W. GREY.	W. ANDERSON, ESQ.
THE HON'BLE D. COWIE.	H G. DUNLOP, ESQ.
E. H. LUSHINGTON, ESQ.	W. HALFORD, ESQ.

W. ANDERSON, ESQ., CALLED IN AND EXAMINED.

314. *The President.*—You are the Agent of the Oriental Bank, are you not?—Yes.

315. Does the system of cheques in Calcutta among the several banks reduce the necessity for note circulation in the presidency town, and also for bank constituents who may not reside in town?—Yes, in both instances.

316. Has the choque system been much developed by the additional capital absorbed of late years in old and new banks?—I should say it has.

317. This system has thus a tendency to diminish the amount of notes in the market?—Yes.

318. Has not the cheque system a like effect in the large mofussil towns whenever a bank is established on European principles?—Yes.

319. How do these banks in the presidency towns, that is, all banks except the bank of Bengal, hold their reserves—in silver chiefly, or in notes and silver?—Partly in notes, but chiefly in account with the Bank of Bengal. The average in notes in the Calcutta Agency of the Oriental Bank is about one-tenth of the whole reserve.

320. *Mr. Maine.*—Do you include the Banks in Bombay in this answer?—I am not aware of the practice pursued there.

321. *The President.*—Do you feel yourself bound to keep any quantity of silver?—No, not any large quantity. As a rule, I keep about two or three lakhs of rupees.

322. Does your Bank import gold?—Yes, to a considerable amount.

323. Is it a profitable article of trade?—Not always.

324. Is it bought up for export to the mofussil?— I believe so.

325. At what rates can Australian gold be laid down in Calcutta?—The cost of freight, insurance, and export duty.

326. What does this amount to?—Nearly 4 per cent. on the cost in the Colonies.

327. *Mr. Cowie.*—One element in the cost in laying down gold from the Colonies in Calcutta is the rate of exchange between Australia and England, is it not?—Yes, but exchange has been in favor of Australia for some time past.

328. *The President.*—Is there not a great tendency to development in the banking system as now established throughout the country?—There is.

329. Has this system interfered with the business of the Native shroffs and soucars?—Not to any great extent.

330. Would you think it legitimate to charge a discount on a currency note if not belonging to the circle in which your Bank or branch was established?—I would.

331. Are you aware that a considerable business is done by soucars in dealing with the currency notes as if it were commercial paper?—I believe it is the case, but I have no personal knowledge.

332. In your opinion, has the Currency Bill of 1861 had successful results?—Not so much as might have been expected.

333. Do you think that it has tended to produce one of the results looked for by Sir C. Wood, *viz.*, the gradual substitution of paper for silver in currency?—It has to a considerable extent in Calcutta.

334. For the payment of sums under Rs. 10, which would be most liked by the Natives, gold or paper?—In Calcutta there would be very little difference. I have no knowledge which would be preferred in the mofussil.

335. Are the Natives generally anxious for a gold coinage?—I believe so, though I have had no opportunity of ascertaining whether they are in favor of it, except in Calcutta.

336. What coin would they prefer?—I should say the gold mohur, as they have already had it.

337. What is the value of the Australian sovereign in rupees?—About 10 rupees. I have known Australian sovereigns, however, sell at a discount of 4 annas, sometimes at a premium of 2. This great variation, of course, depends upon the supply and demand.

338. Is there any difference between the price of bar gold and the sovereign?—None whatever. I may mention that about 14 years ago, a large quantity of bar gold was in the market for sale. No Natives would buy on account of the action of the Government at that time, and there was no way of disposing of it except by shipment—in fact, one-half of it was shipped to England.

339. This great influx of gold on the market had just the same effect as if there had been a glut of any other article of commerce?—It had much the same effect.

340. In fact gold was demonetized?—Just so.

341. *Mr. Grey.*—What was the action of the Government?—By a Notification published in the *Gazette*, the Government refused to receive gold mohurs in payment of revenue (Appendix XVI, page xxx). It was on account of this Notification that the Natives refused to buy, and it was only when it was known that a large quantity had been shipped to England that there was any sale.

342. *The President.*—Are you aware that less silver is held in Calcutta than before the year 1861?—I have nothing to refer to from which I could give a definite answer. My impression is that less is held because currency notes have been used to a certain extent in place of silver.

343. Before that date the Bank of Bengal's reserves were held in silver?—Yes.

344. Whereas now a great part is held in notes?—Yes.

345. *Mr. Lushington.*—State the arrangement you make when you require notes?—I apply to the Bank of Bengal, and when I require silver, I send notes to be cashed.

346. Do you never get notes from the currency department?—No, I have no dealings with the currency department.

347. *The President.*—Do you ever remit notes to the interior?—Very seldom.

348. *Mr Grey.*—Is it by any previous arrangement with the Bank of Bengal that you get silver on presentation of notes?—No, I have no arrangement of the kind with the bank.

349. You being the largest constituent of the bank, do they not suit you as you wish?—I believe the bank act towards me as they do to any other constituent. When a constituent sends notes, he can always get silver on application, and *vice versâ*.

350. *The President.*—Is there a large import trade between England and India?—Yes, there is a large trade, and there must now be a considerable increase in the balance owing to the advance that has of late years taken place in the price of cotton.

351. Can you state the amount of that balance?—I am unable to say, I have not seen any recent statements.

352. I suppose you are of opinion that the time is exceedingly distant when the import and export trade of India will be equalized?—Yes, it is impossible for me to say when this will take place.

353. Then the only article of commerce which can fill up this great difference must be the precious metals?—Exactly.

354. And the chief metal hitherto used has been silver?—Yes, the bulk of which comes from Europe. Large quantities of gold do come, however, though not from Europe. I should say about two or three crores in gold reach India annually, but I am not certain as to this estimate.

355. *Mr. Maine.*—Does this gold come in return for goods shipped?—No, chiefly for exchange operations.

356. *The President.*—You stated just now that the Notification of 1852 had the effect of demonetizing gold, what was the relative value of silver and gold at that time?—Much the same as it is now, that is, the average price would be about 5*s.* 1½ per oz., which is equivalent to about two shillings for the rupee. At this price, it is nearly 3 per cent, better as a remittance from England than gold.

357. My own recollection is, that between 10 and 20 years ago, the par value of the sovereign relative to the rupee was worth 11 rupees?—I should hardly think that this was the case. If the sovereign was ever worth this, it must have depended on some exchange operation.

358. Was the price of exchanges less now than 20 years ago?—The rates of exchange between India and England were considerably lower 20 years ago than now. In 1848 and 1849 the average of rates was from 6 to 8 per cent. under 2 shillings, while since then the average has been considerably above par. I have no recollection of the average price of silver having been less than 5*s.* 1-½ per oz.

359. *Mr. Dickson.*—You mean in London only?—Yes, only in London.

360. *The President.*—I suppose you have no doubt that the introduction of gold into India would displace a quantity of silver?—I have no doubt it would.

361. Do you think that the Natives would be eager to convert their rupees into their equivalent in gold, and that there would be a drain of gold to the East instead of the present drain of silver?—I think only when gold was required for hoarding. I do not think that there would be any great drain of gold to the East in place of silver.

362. If that were to take place, would it not depreciate silver?—It might, but it would take a long time to have this effect.

363. Might it not produce an effect on silver analogous to that on gold when the Notification of 1852 was published?—I scarcely think so.

364. If a gold coin were introduced into India, would not much of the gold which now finds its way to England come direct to India?—Yes.

365. Will you be so good as to explain the manner in which the debts and credits of England are discharged between England and Australia; for instance, A, a merchant in England, is a debtor of B, a merchant in Calcutta, and a creditor of C, a merchant in Australia?—The balance of trade must go one way or another. The balance between England and Australia is now 6 or 7 millions sterling per annum due to the former, of which a considerable portion now goes to England. It would, however, be better that Australia should send gold to India in payment of produce shipped hence to England and for which England has to pay, than that gold should be first sent to England, and then used in buying silver to be sent to India.

366. Transit of specie, then, would be saved?—Just so, freight and insurance would be saved.

367. Supposing India had to be paid by Australia, the English merchant being in credit, by what process would gold come to India?—The merchant would have gold shipped to the best market for it, and have proceeds remitted whenever due.

368. Would it be more convenient to have an English than an Indian coin?—As far as the internal transactions of this country are concerned, it would be better to have an Indian coin. But for payments to other countries, the English coin would be preferable.

369. You mean for the interests of the populace of India, an Indian gold coin would be better suited than an English coin?—Yes, that is my meaning.

370. Would it make a difference to you as a merchant which coin was current?—Very little, if the price was the same. The mintage charged on coining gold in India is 1 per cent. The effect of legalizing the gold mohur at Rs. 15 would be to increase the value of gold about 2½ per cent., but to the importer the advantage would be only 1½, because he would have to pay the seignorage, *viz.*, 1 per cent.

371. Is there any difference between the standard price of English and Indian silver?—The difference is about 1 per cent. The standard of India silver is 220, and that of English is 222.

372. Has there been any greater difficulty in supplying India with silver than formerly?—Yes, certainly from England, so that France now sends us considerable quantities.

373. Does this not tend to raise the price of silver?—Yes, it does, and silver has risen in price.

374. In fact, gold being sent direct to India, the cost of metal would be economized?—Just so.

375. What country would gain?—I think that it would be the same to England and Australia.

376. Would not India gain?—Yes, India would gain by the direct operation.

377. Would not certain interests in England lose in consequence of the direct trade being taken away?—I do not think so, beyond the loss to bullion dealers or brokers.

378. *Mr. Maine.*—The traders in silver would lose?—Yes, they would, but not to any great extent.

379. *The President.*—But surely if there was a direct trade of gold between India and Australia, one country would suffer?—No, I think not, as I said before, the only loss would be to bullion dealers or brokers.

380. Where does the silver chiefly come from?—From Mexico, whence it is shipped to England and then to India.

381. *Mr. Maine.*—Does silver come by any other route?—Yes, from China.

382. *Mr. Grey.*—You said just now that there would be a gain to India by gold coming direct, how would this be the case?—If gold can be brought from the Colonies direct to India instead of being sent to England, as at present, the trade of India would gain by the change. The effect of increased supplies of gold to India would be to lower the rate of sterling exchange, and this would allow a higher price for Indian produce sent to England.

383. *The President.*—On the whole, would there be any great convenience in having the English gold coin?—Yes, I think so, as we could then be sure of making payments in sovereigns.

384. Have you any practical knowledge of the currency in Ceylon?—No, I have never been there in office, and know but little as to particulars. The currency is chiefly bank notes, and silver, both English and Indian.

385. Do sovereigns circulate?—Not to any large amount; they accumulate, and are from time to time shipped to India.

F. MACLEAN, Esq., CALLED IN AND EXAMINED.

386. *The President.*—You are in the Civil Service, are you not?—Yes, and my last appointment was Collector of Shahabad.

387. *Mr. Lushington.*—State the several sources from which notes find their way into the district treasury?—I indent on the Accountant General when I require notes: I receive notes also in payment of revenue and other Government demands.

388. Can you state the average proportion of Government revenue, say in a lakh of rupees that would be paid in notes?—I cannot say without the returns before me, but a large proportion is paid in notes.

389. Are these notes thus paid in received by the landlords direct from their tenants in payment of their rents, or are the notes to the amount required occasionally remitted to the landlords by their agents in Calcutta?—These notes must certainly be remitted, for I feel sure that no tenants pay them in to their landlords.

390. *Mr. Maine.*—Are the notes paid in to you of large denominations?—Yes, generally they are either 500 or 1,000-rupee notes.

391. *Mr. Grey.*—If these zemindars receive silver from their tenants, and pay in notes to the Government treasury, can you say what becomes of the silver?—It is either hoarded or made into ornaments.

392. *Mr. Maine.*—Do these zemindars keep accounts with Calcutta bankers?—I cannot say.

393. Do they ever export produce directly?—No, not the zemindars.

394. *Mr. Lushington.*—What is the average amount of notes cashed by you for travellers?—I have not been in charge of the treasury, and I, therefore, am unable to say. I think the quarterly returns of notes received would give this.

395. Can you give the number of applications in a month you have received and refused for notes to be used as remittance?—There have been issued to the public in exchange for silver Rs. 35,600 worth of notes during the nine months, May 1865 to January 1866.

396. Have your indents for notes been frequently modified by the Accountant General?—As a rule, they are modified, if not absolutely refused.

397. Have any reasons for this refusal been assigned? I have been told sometimes that my cash balance has been too high, and sometimes that notes are not to be used for remittances, and cannot, therefore, be supplied.

398. *Mr. Grey.*—On what data do you indent for notes?—If I find my stock of notes running low, I apply for more.

399. How does the stock run low—is it because there is a demand for notes for active circulation?—No, I believe they are used for remittance.

400. *The President.*—If these notes are not required at all, what do you do with them?—The Accountant General sends for them. During the last quarter, Rs. 48,500 worth of notes were received, on indent, from another district treasury (Burdwan), and within a month the Accountant General sent for Rs. 45,000 worth back to Calcutta.

401. *Mr. Grey.*—I suppose your cash balance had been increased in the mean time by the payment of silver?—Yes.

402. The Accountant General telegraphs to you to send down notes if your cash balance is too high?—Yes.

403. *The President.*—That is to say, the Accountant General makes use of these notes as his remittance?—Just so.

404. *Mr. Lushington.*—Is the currency note freely accepted by the people of your district for its full value in their several transactions with each other?—No, decidedly not.

405. What is the reason of this?—As far as my experience of the Natives of India goes, they will always prefer cash to paper. In fact, I may say, as a general rule, that notes are never received at their par value, discount being always charged in the bazars.

406. Do you think there would be any objection if, instead of confining the powers of a collector to cashing notes for private remittance or for travellers, to allow collectors to cash notes presented to them according to their discretion, provided, of course, he always kept a sufficient balance in coin in his treasury to meet the Government requirements?—This is what every one wishes, and none more so than the collectors themselves.

407. Is there anything in the form of the note which retards its general acceptance with the public in lieu of its equivalent in cash?—No, the equivalent is enfaced on the note, and I do not see what else they require.

408. *Mr. Maine.*—Are notes much worn when they come to you?—No, not much.

409. *The President.*—According to your experience, do you think that the present Government paper circulation will take root?—I think that it will chiefly be used only for remittance, and that for private transactions, *i. e.*, transactions from hand to hand, notes will never be acceptable.

410. Has it ever come to your knowledge that any profit has been made by the paper circulation at the expense of the Government?—I have never heard of an instance.

411. When their indents for notes are refused, do Collectors resent?—They grumble a good deal.

412. *Mr. Lushington.*—As the object of Government is to pour supplies of silver into the Shahabad treasury to meet the advances and payments on account of opium, it would be to the advantage of Government, would it not, to give notes in exchange for silver, and so save the expense of raising money by supply bills?—Shahabad requires in round numbers 14 lakhs of rupees for opium advances out of a revenue of 16 lakhs of rupees; but I think it would be a dangerous experiment to pay our advances on account of opium in Government currency notes, and I have never heard this course suggested. To get silver for these notes in any district bazar, the ryots must pay some discount, and I have no hesitation in saying that nothing but silver could be given them.

413. *Mr. Maine.*—In point of fact, if notes were given to the ryots, the growth of opium would be discouraged?—Undoubtedly, it would have this effect.

414. *The President.*—In the Shahabad bazars what is the rate of discount charged for cashing a note?—I cannot speak from experience, as I am not charged anything whatever, being the Collector.

415. *Mr Grey.*—Is this the ryot's objection to his dislike to receive a note, *viz.*, that he is unable to get cash for it?—Yes, he does not understand that a 10-rupee note is actually worth 10 silver rupees, and until the time comes when he finds this out, a ryot will never willingly take a note.

416. *Mr. Dickson.*—What is the total amount of notes from all sources paid into your treasury—both from the public and in behalf of Government dues?—I have no idea.

417. Have you cashed any large amount of notes for the public?—No, during the last three quarters only three notes, value Rs. 80, have been cashed for the public.

R. STERNDALE, ESQ., CALLED IN AND EXAMINED.

418. *The President.*—What is the office you hold?—I am at present Assistant to the Head Commissioner of Paper Currency in Calcutta, but I have till lately held the appointment of Assistant Commissioner of Paper Currency at Nagpore.

419. *Mr. Lushington.*—You were the officer appointed on the first introduction of a Paper Currency at Nagpore?—Yes, I was.

420. How long ago was that?—About eighteen months.

421. What has been the maximum circulation?—A little over 52 lakhs of rupees.

422. Did the circulation fluctuate in that interval, and if so, can you assign any reason for these variations?—The circulation went up pretty steadily, and there was no great fluctuation; and the circulation has gone down as steadily.

423. *Mr. Maine.*—When did the circulation reach its maximum?—In September 1865.

424. What are the reasons that the circulation has diminished to such an extent?—The shroffs and Native bankers, during the spring and summer of the last year, remitted notes to Calcutta, as there was a better market for their money there. Now that the money is wanted

again to pay for cotton, these notes are taken from the tills of the office of issue at Calcutta, and remitted to Nagpore to be cashed there for silver.

425. What was the highest total amount of notes of the nagpore circle held in Calcutta?—I cannot say.

426. *Mr. Maine.*—Do you not know what was the total amount of Nagpore notes remitted to Calcutta?—I should say about 40 lakhs of rupees worth.

427. *Mr. Lushington.*—Did you find that applicants who came to have notes cashed brought a large number of notes at a time, or were only one or two brought?—As a general rule, they were presented in large numbers.

428. Have you heard complaints to the effect that the facilities which applicants possess under the Currency Act for obtaining currency notes has interfered with the system of hoondees supplied by Native bankers?—I am not aware of any complaints having been made, but since the introduction of notes, there has been an alteration in the rates of hoondees in Nagpore.

429. *The President.*—Has it depreciated them?—Yes.

430. *Mr. Lushington.*—Can you state whether Government notes were freely received and exchanged by the inhabitants of Nagpore?—They were only received by a certain class of people, and were not freely taken by all.

431. *Mr. Maine.*—What were these classes?—shroffs, mahajuns, shop-keepers, &c.; these take notes without hesitation.

432. And as regards these classes, will they take them at par?—Yes. These are the people who have confidence in the note circulation.

433. *The President.*—Do these classes take notes for current use or for remittance?—I think principally for remittance.

434. Is discount charged in the bazars for cashing notes?—Yes, I think the money-changers always ask for some discount.

435. What are the rates charged?—They vary considerably. I know of one instance where 4 annas discount was asked for cashing a 10-rupee note.

436. Was this at Nagpore itself?—No, at Jubbulpore.

437. And how far off from Nagpore is this place?—160 miles.

438. What would money-changers ask for converting 10 rupees in silver into small coin?—I cannot say.

439. *Mr. Lushington.*—Your opinion is, that the effect of opening a circle of paper issue at Nagpore has been to give shroffs, &c., a convenient mode for remitting money, but that the notes have not been used to any extent in ordinary daily transactions?—Yes, that is my opinion.

440. *Mr. Maine.*—Has the necessity for supply bills been diminished since the introduction of Government currency notes?—I think not, because supply bills were, I believe, sold for the purchase of currency notes in order to supply district treasuries.

441. *Mr. Dickson.*—Is the supply of silver in the treasury in excess of the requirements of Nagpore?—I do not know, that is a matter connected with the treasury.

442. Have you transferred any portion of silver from the currency department to the treasury?—Yes, 31 lakhs of rupees, under instructions from the head office.

443. Was any portion of the 40 lakhs of specie accumulated at Nagpore and remitted in notes to Calcutta wanted for the requirements of the Nagpore treasury?—I am not aware that it was.

444. Did not the Accountant General at Bombay endeavour to sell bills on the Nagpore treasury?—I cannot say; this would be a transaction with the Nagpore treasury and not with the currency office.

445. *Mr. Lushington.*—What value of notes of other circles during the past year have you cashed?—Notes of other circles were occasionally presented, but I always refused to cash them, it being against rules to do so.

446. *Mr. Maine.*—Was a large amount at any one time presented for encashment?—No.

447. *Mr. Lushington.*—What are the denominations of notes generally supplied by you to the local treasuries?—I supplied notes of all denominations except to the smaller treasuries. These only take notes of the smaller denominations, but, as a rule, I supplied large and small to all treasuries.

448. *Mr. Dickson.*—Apart from what is held by the treasuries, what amount of notes do you think is held by the public?—When I left Nagpore there was a circulation of 15 or 16 lakhs of rupees; and out of this the public held about 12 lakhs.

449. But now I see there is only a circulation of 11 lakhs of Rupees; of this, how much do you think the public hold?—Perhaps two or three lakhs are held in district treasuries and the rest by the public.

450. By the public do you include the amount held by the Bank of Bengal?—Yes.

451. Is there a market for the purchase or sale of Government securities at Nagpore?—cannot say. I have had no experience in this.

452. Are you aware of any transactions having taken place?—Yes, I believe there have been a few casual transactions.

453. Have you purchased any yourself on the spot?—No, I have had no dealings in Government securities.

454. Are you aware of any actual transactions having taken place at Nagpore?—It is only my belief that there have been; I cannot speak from actual knowledge.

455. Do you think you could sell securities to the value of a lakh of rupees in case of an emergency?—Yes, quite readily.

456. Five lakhs?—I can hardly say.

Fourth Sitting, March 6, 1866.

PRESENT:—HIS EXCELLENCY THE PRESIDENT.

THE HON'BLE H. S. MAINE.	E. H. LUSHINGTON, ESQ.
THE HON'BLE W. GREY.	G. DICKSON, ESQ.
THE HON'BLE D. COWIE.	H. G. DUNLOP, ESQ.
THE HON'BLE G. ROSS.	W. HALFORD, ESQ.

R. B. CHAPMAN, ESQ., CALLED IN AND EXAMINED.

457. *The President.*—What is the office you hold?—I am Secretary to the Board of Revenue for the Lower Provinces.

458. *Mr. Lushington.*—State the position of the Board of Revenue with reference to officers in charge of treasuries?—The Board exercise administrative control over them—their province is to give general rules for guidance, and to check officers if they break these rules.

459. Will you hand in a copy of the rules in regard to currency notes issued by the Board of Revenue to officers in charge of treasuries?—Yes (Appendix XVII page xxxi). It is not in virtue of the Board's general authority over treasury officers that these rules were issued. They were prepared, in communication with the Accountant General, under special orders of the Government of Bengal, and were shown to, and generally approved by, the Financial Secretary and the Financial Member of the Government of India.

460. Can you state the relative position of the Board of Revenue and the Accountant General with regard to currency notes in reference to officers in charge of treasuries?—It is not defined at all. I am inclined to think that the Accountant General often abstains from issuing

instructions, because he supposes the Board will do so, and *vice versâ*. The Board scarcely interfere at all beyond collecting statistics, which they do very fully. The rules, as I have stated, were prepared under special instructions from Government. But my own opinion is, that the supervision of the currency is no part of the Board's constitutional duty. The Board, at present, only occasionally even call attention to clear breaches of the Government rules.

461. *Mr. Maine.*—Then who ought to see that the rules are carried out?—The Accountant General, undoubtedly.

462. *Mr. Lushington.*—And who, in your opinion, should manage the currency?—My own opinion is, that the Accountant General should be left to manage it exclusively; but I would beg the Commission to remember that this is the opinion held by me personally, and must not be received as the opinion of the Board.

463. Have any complaints been made by collectors of the instructions from these two authorities being at variance?—No; but the Board have sometimes had occasion to notice distinct breaches of the rules on the part of the Accountant General.

464. Under Rules 6 and 7 registers are required to be kept of notes received and paid at the several treasuries under the authority of the Board. Looking at those registers cursorily, does it appear to you that notes have been received and issued in large numbers at a time to one and the same individual, thereby showing that they have been generally used by few persons in payment of Government revenue, and for large commercial transactions; or do they appear to have been paid in and issued by several persons, thereby justifying the conclusion that they are in request with the public?—I have no precise means of knowing, but I see no reason for concluding that the notes pass through the hands of only a few persons.

465. Can you state whether notes are collected by zemindars in payment of their rents, and through them remitted to the General Treasury?—I can only answer this from my knowledge of the country: I should say that very few notes are collected in rent except from underl tenants holding extensive tenures.

466. *The President.*—What is the average rent paid by the ordinary ryot?—I cannot sa- exactly, but it must be very small.

467. Is it under 10 rupees?—Rent is paid by instalments, and, certainly, each instalment will averge much under 10 rupees.

468. *Mr. Maine.*—How is it that it is worth the while of zemindars to send notes up-country for payment of Government dues?—This, of course, will depend upon the course of trade. We find that it is in the large producing districts, where there is a considerable demand for silver for the purchase of produce, that notes are paid into the treasuries. The opium and tea districts, and the great rice producing districts, are examples.

469. *The President.*—Are the notes bought up at a discount and cashed at par at the treasuries?—The treasuries are not bound to cash notes, though they are bound to receive them in payment of revenue.

470. *Mr. Maine.*—Is it not the case that a number of zemindars live in Calcutta?—Yes, there are a good many here.

471. May not this have the effect of causing notes to be remitted hence by the zemindars to serve as payment of revenue?—I think not; it is the local demand for silver that really governs such remittances.

472. The zemindars have nothing to do with produce, I believe?—Not often, but when they are absentees, the local mahajuns, who deal largely in produce, are commonly their agents for the payment of revenue.

473. *Mr. Cowie.*—Are you aware that the zemindars get up money from Calcutta for the express purpose of paying for rent: I am cognisant of a case where a considerable sum of notes is sent for this purpose simply as a remittance for land revenue payment?—I have no know-

ledge of such transactions, but no doubt they take place In fact, however, probably a portion of the produce of the land for which revenue is so paid will have been exported here, silver having been paid for it in the district

474 *Mr Lushington*—If treasury officers were allowed to cash all notes that were brought to them without restriction, would not this cause great inconvenience?—If such a rule be generally applied, there would certainly be embarrassment in some places I think, however, that there need be no restriction whatever either in the receipt or issue of notes in what I may call the body of Bengal, excluding, *i e*, Assam, Cachar, Darjeeling, Chota Nagpore, Behar, and perhaps Chittagong

475 *Mr Maine*—Has not Chittagong been mentioned as a place where enough has not been done?—I will bring this out presently

476 *Mr Lushington*—If notes were cashed freely in all places where there were large commercial transactions, would there not be a scarcity of silver in the treasuries?—I think not in the parts of the country to which I refer, for I believe that in those parts as many notes would be paid out as in, and that the exports and imports of silver would nearly balance each other

477 *The President*—According to this, your opinion is that notes occupy the place of money?—Yes, and, of course, that would be still more the case if notes were freely cashed

478 And they do to a certain extent now?—Yes, in a limited measure, they do

479 *Mr Maine*—This very measure of allowing collectors to cash notes would tend to cause notes to be received in daily transactions at their par value?—Yes, I have no doubt of it

480 *Mr Lushington*—Have you had any practical experience yourself of changing a note in the Mofussil bazars?—My own experience is, that notes are wanted by people in the Mofussil chiefly for remittance purposes, and that very little attempt is ever made by the European officers of Government, at any rate, to change them

481 Have you any grounds for saying that the Accountant General has departed from the rules laid down by the Board?—In one or two important particulars he has done so The most important of the rules that he has so broken is, that notes should be issued without reserve *in exchange for silver*—this has been set at naught, absolutely, in principle Again, the rules say that when a local treasury runs short of notes, application should be made to the Accountant General for a further remittance in notes The Accountant General says that he will never supply notes unless the treasury is short of funds I do not wish to express any opinion upon the question whether the rules are right or wrong, but, so long as they exist, they should be adhered to The Accountant General supported the Collector of Chittagong the other day in declining to issue Rs 5,000 worth of notes without enquiring for what purpose they were wanted The Government of India supported the Accountant General, but I think such proceedings must be fatal to the circulation of the currency The Government are, apparently, inclined to hinder the use of the notes by the public for remittances, while they wish so to use them freely themselves The Board have urged that at least in places where notes find their way without the intervention of Government, the Government should allow the public the full use of the notes for remittances or for any other purpose

482 *The President*—Do the same Government rules obtain in the other Governments?—These rules apply only to Bengal I have no means of knowing what the rules are which prevail in other Governments.

483 *Mr Lushington*—Are you aware whether any rules subsidiary to your own rules have been issued?—No, I am not—I should have expected any such subsidiary rules to be communicated to the Board through the Government of Bengal

484 *The President*—Have you ever turned your attention to the more general circulation of notes apart from Bengal?—No

485 Have you had any experience of other Governments?—No.

486. You think there would not be the slightest danger in cashing notes at nearly every treasury in Bengal?—I scarcely go so far as that; but, in the large tract of country that I have described, there would be none whatever.

487. Then, if this were permitted in Bengal, do you not think that it could be safely done throughout India?—I can hardly say.

488. What is the population of Bengal?—About 37 millions.

489 And what is the population of those districts in which you think it would not be advisable that notes should be freely cashed?—The population of these outlying districts is 11½ millions.

490 And what is the land revenue of Bengal?—About a rupee a head, or 37 millions of rupees

491. According to what you have said, your recommendations are that notes should be freely issued among a population of about 30 millions?—Yes, and in the board's report on the circulation of Government currency notes during the year 1864-65 this was given as their opinion The estimated population of the districts where the Board think that there need be no restriction is exactly 25,570,370, who pay a land revenue of Rs. 2,75,36,300.

492. What is the proportion of land revenue of Bengal to that of other parts of India?—The land revenue of Bengal is about £4,000,000, and that of the whole of India about £20,000,000, *i. e*, in the proportion of 1 to 5.

493 Taking in customs, opium, and other sources of revenue, the revenue of Bengal exceeds that of any other Government?—Yes, the whole revenue of Bengal is about £15,000,000, and the whole revenue of India is about £46,000,000, *i. e.*, in the proportion of about 1 to 3. I do not enter upon the question as to how much of the £15,000,000 can be called strictly *Bengal* revenue.

HUGH SANDEMAN, Esq, CALLED IN AND RE-EXAMINED.

494 *Mr Lushington*—Have you read a Minute by the Lieutenant Governor of Bengal, referring to a correspondence between yourself and the Collector of Cuttack regarding a supply of notes in that treasury?—Yes, and I have brought a copy of the correspondence with me (Appendix XII page xxi) The case as put by His Honor is substantially correct. The Collector of Cuttack called on me in June 1865 for notes His cash balance at that time was very high, and as he had a few notes in his treasury, there was no immediate hurry to send him a fresh supply, I wrote to him therefore enquiring if the notes indented for were required for purposes of remittance only, or for local circulation. Cuttack, it must be remembered, is a district which remits largely in specie to Calcutta, and the remittances can only be brought away at certain times of the year. The Collector's reply to my question was that the notes were wanted only for remittance, upon which, taking into consideration his high cash balance, I replied that I would not feel justified in increasing it by a supply of notes to be immediately sold for remittance purposes The reasoning in the 9th paragraph of Mr. Beadon's Minute is not fair to myself, for, although no direct charge is made against me, yet it is implied, and the tenor of the paragraph might lead people to form an erroneous judgment regarding me His Honor says—"However undesirable it may be that currency "notes should be sent from place to place by the post, it is a practice which cannot be pre-"vented, and which certainly ought not to be checked by any inquisitorial proceedings on "the part of the collector as to the purpose for which notes are required. Such proceedings "would not be tolerated for a moment at Calcutta, or at any centre of issue, and they ought "not to be allowed in the Mofussil" To this I would simply reply, that no collector has ever been instructed to hold inquisitorial proceedings as to the purpose for which notes are required, nor do I believe that such proceedings have ever been held by collectors Again, with reference to the words—"The Money-order Office should be left to recommend itself by the

"security it offers, and its use should not be stimulated by refusing to issue small notes lest "they should compete with it." I would remark that the money-order system has been entirely left to recommend itself, and that since its establishment no endeavours have ever been made to force it on the public. Experience tells me that for the remittance of small sums, the money-order system is preferred by Natives to notes. There is a great security against fraud in money-orders being payable to the person whose name is given in the letter of advice, and not to bearer. Again, a money-order goes by one post, whereas a note is generally cut in halves and each half sent by a separate post, and registration paid in addition to ordinary postage on each cover. With reference to His Honor's remark at the conclusion of the paragraph, I would remark that no collector would refuse to pay a demand in notes if he had them, but that a large supply of notes to every collector to issue generally in exchange for silver would lead to a most inconvenient increase of our general Government balances throughout the country. The transmission of notes by post is very undesirable; first, there is a temptation held out to fraud, and secondly, a loss accrues to the Government by their mutilation. Every Bank of England note issued is, I believe, calculated to cost some small fraction above three pence, and the lowest denomination is £5, or Rs. 50. In this country, notes probably do not cost less than in England, while our denominations descend to £1, or Rs. 10. The limit of money-orders was raised a few years ago from £5 to £10 partly, in order to discourage the remittance of bank notes by post.

495. *The President.*—What is the limit of the money-order in India?—Rs. 100.

496. And what is the amount annually sent by money-orders?—In 1863-64 money-orders were issued to the extent of 15½ lakhs of Rupees, which rose in 1864-65 to upwards of 21 lakhs, and will no doubt continue to increase very largely as the system becomes more and more appreciated by the public.

497. *Mr. Lushington.*—What was the cash balance of Cuttack at the time of the Collector's application for notes, and was the amount below or above the present average?—The Collector had in his treasury, on the 1st June 1865, upwards of 5½ lakhs of rupees worth of specie, with an instalment of land revenue falling due at the end of the month. A round sum of about three-quarters of a lakh to a lakh of rupees in the Cuttack treasury would, ordinarily speaking, be quite sufficient to meet local requirements, and, therefore, the balance was inconveniently high, while there was no possibility of removing it until the commencement of the north-east monsoon in October.

498. *Mr. Lushington.*—What denominations of notes did the Collector of Cuttack apply for?—Chiefly for notes of small denominations. Notes are but seldom sent from the General Treasury at Calcutta to Mofussil treasuries, as by doing so I should reduce the cash balance at the Bank of Bengal, which would be inconvenient. Treasuries needing notes are ordinarily supplied from other treasuries where there may happen to be an over-abundance. In this instance, the Collector had notes to the value of Rs. 850 at the time when he applied to me for more.

499. *Mr. Grey.*—Do you think that the Rs. 10,000 applied for by the Collector when sent in notes would have been attended with any great inconvenience?—Perhaps not in a single instance; but it would not stop there, and it would be highly impolitic to supply surplus treasuries with notes merely for remittance purposes. In the present instance, the Rs. 10,000 would have been immediately sold by the Collector already overburdened with funds, merely to be remitted by the purchasers to Calcutta, when they would have again to be remitted by Government to Cuttack an indefinite number of times, the Collector's silver balance being each time more and more increased. Government instructions contemplate the use of notes for local circulation, and according to their orders, notes are to be given freely to parties for this purpose at the discretion of collectors, but not when it is known that they are only wanted for remittance. Notes to the value of Rs. 850 in the Cuttack treasury were sufficient to warrant my not showing haste in sending more. I see by the last return that there are notes to the value of Rs. 22,000 at Cuttack.

500. Do you understand the Government Notification for checking remittances, to refer to such transactions as the transmission of 10-rupee notes by private individuals?—No: although I think that the remittance of notes by post should be discouraged; when I see that there is a want of notes of small denomination, and the Collector sends me an application (for I never act without this), I always send notes from other treasuries unless there may be some special reasons for not doing so.

501. But in this case you did not?—No, because I did not think there was any immediate necessity, and on being told that they were needed for remittance only, I declined to comply, with reference to the very large balance in the treasury at the time.

502. What were the denominations of notes held by the Collector at Cuttack?—They were all 10-rupee notes?

503. *The President.*—Do you not consider that you acted contrary to the rules laid down?—Certainly not.

504. Do you consider that the injunctions from the Government of India, as stated by you in your previous evidence, are in correction of the Treasury Rules of the Board of Revenue?—I am not able to say whether the one is a correction of the other, but they unquestionably contradict them. The idea of private individuals using notes for their own private convenience is, to my mind, erroneous, for the bulk of the people of India seldom, if ever, deal in such large sums as 10 rupees.

505. *Mr. Lushington.*—Are there any instructions from Government authorizing collectors of surplus treasuries to sweep up as many notes as they can in order that their remittances may be made by the cheaper method of sending notes instead of cash, or have you adopted this course with a view of securing to Government this advantage?—I am not aware of any instructions to this effect either from the Government or from my own office. If notes are paid into a treasury for Government dues, the collector is bound to receive them, and he remits them instead of specie when remitting to Calcutta. I have certainly never issued orders that notes were to be swept up, in order that cheap remittances might be made, as this would practically be calling in the currency. Collectors, into whose treasuries notes are paid, never have a demand for them on the part of the public.

506. Supposing the persons wishing to remit them to Cuttack had followed your instructions, and taken out money-orders, would not the Cuttack treasury balance have been unduly increased with silver to the same extent as if currency notes had been cashed to a like amount?—Undoubtedly so, if the Collector had complied with the application.; but he would have been justified in refusing them and probably would have done so. The Money-order Office was established for the purpose of affording to the public a safe means of transmitting small sums only, and in the event of a heavy demand the Collector would use his discretion as to the propriety of issuing orders beyond a certain amount. This is explained in the Money-order Pamphlet (pages 1 and 52 in the first and fourth paragraphs respectively), as well as at paragraph 19 of my instructions to Collectors issued with the sanction of the Supreme Government. It is not, I admit, easy to impose any check against large sums passing through the Money-order Office. I believe that large sums found their way through the office in England and the Crimea at the time of the Crimean war, which was, of course, contrary to the purposes for which the offices were established. (Mr. Sandeman here handed in a copy of his letter to all Collectors and a copy of the Rules regarding the money-order system (Appendix XI page viii.)

507. *Mr. Lushington.*—Do you think that there would be any harm in allowing collectors to issue notes, without reference to the purposes for which they were required, to the extent of their receipts of notes, provided the collector did not for this purpose keep back Government balances which they would otherwise remit to Calcutta?—Yes, because such a step would always necessitate the keeping back of remittances, but Chittagong is the only case in which I remember to have heard of large notes being both paid in and asked for at the same treasury. I refer to the case which I instanced in my evidence given last week.

508. *Mr. Dunlop.*—Are you aware of any orders having been issued to the Cuttack Treasury in January 1865, to stop the encashment of currency notes tendered at the local treasury to be exchanged for coin?—I am not aware of any such orders, and should think it extremely improbable that such were ever issued. During my own incumbency in my present office, the Cuttack Collector has received positive instructions always to cash notes to the extent of his probable remittances of silver, his being a surplus treasury. I hand in a letter dated 24th March 1865, in support of this (Appendix XIII page XXII.)

509. *Mr. Dickson.*—You have stated that the circulation in the Assam territory is Rs. 2,28,000, of which Rs. 1,78,000 is held in the subordinate Government treasuries in that district, leaving only unaccounted for Rs. 50,000, which may be held by the Bank's branch at Dacca?—Yes.

510. What is the proportion of currency notes held in the Government treasuries throughout the Presidency of Bengal (excluding the Assam treasuries) to the whole note circulation of the Calcutta circle?—I cannot say from recollection.

511. Can you prepare and hand in a statement showing the average monthly amount so held in the different treasuries throughout Bengal under your charge?—I can furnish a statement showing the numbers of notes in every treasury on the 1st or 15th (or both) of any or every month, and such a statement, compared with the monthly published statements of total circulation, will form a reply to the previous question.

512. Does it consist with your knowledge that, at any of the subordinate treasuries throughout Bengal, a charge has been exacted for cashing notes of other circles, or for cashing notes of the Calcutta circle?—Certainly not; no treasury officer would ask for a discount. He would either give full value for the note, or decline to receive it, unless tendered in payment of a Government due. Subordinate clerks might be guilty of such a practice, but no complaint on the subject has ever reached me.

513. Are the officers of the subordinate treasuries bound by your rules to give every reasonable facilities to the public for the encashment of notes of the Calcutta circle?—They are bound to give every facility, unless there may be special reasons for not doing so. Notes must *always* be received by treasury officers in payment of Government dues, but a treasury officer short of silver would not be expected to cash notes to a large extent unless so tendered, but would refer the presentee to the Currency Office in Calcutta.

514. If any charge in the shape of discount were exacted by Government officers, the effect would be to retard the circulation of notes, would it not?—Any such charge would necessarily render notes unpopular.

515. Have any complaints been made to you of such charges having been made at the subordinate treasuries?—I have never heard of one.

516. When asked by Mr. Lushington regarding the abolition by the Head Commissioner of Currency of the system of registration of notes so long followed by the Bank for the protection of the public, you did not give a decided answer?—I do not see why such a registration should be kept up. I was unable to give a decided answer.

517. Is the time necessary for recording in rough slips the numbers of notes tendered for encashment so great as to lead to inconvenience?—It may be; of course an intelligent clerk might perform the work very rapidly, but a slow or unwilling clerk might take so long as to inconvenience the public.

518. Is the abolition of the system of registration likely to diminish confidence in the Paper Currency?—No, I think not.

519. You are aware that the Bank of England still continues the system of registering the numbers of notes received, and the names of the parties presenting them?—Yes; but the Bank of England issues its notes in sequence, and after receipt never re-issues them.

520. Are you of opinion that Government officers, whose duties in connection with the currency are restricted to the mere routine of exchanging notes for silver, have the same inducements to use that promptitude in dealing with the public which is afforded by the Bank of Bengal to its constituents?—There are no Government officers to my knowledge whose duties are restricted to the mere routine of exchanging notes for silver. Government servants have no personal interest one way or the other beyond ordinary zeal to do their duty, which would be the same probably as felt by paid servants of a bank or any other institution.

BABOO DEGUMBER MITTER, CALLED IN, AND EXAMINED.

521. *The President.*—What is your occupation?—I am a Zemindar, and a Member of the Bengal Legislative Council.

522. Have you any knowledge of the system of currency notes?—I have no intimate knowledge.

523. What part of the country do you know best?—Bengal and the North-West.

524. And where are your own zemindarees?—In Cuttack, Jessore, and 24-Pergunnahs.

525. Then you have only visited the North-West as a traveller?—Yes, only as a traveller.

526. Are currency notes liked by the Natives as much as silver?—They are not much liked, and I think that they will never be extensively used.

527. Why not?—Because the dealings of the bulk of the people amongst each other are in small sums. Even with mahajuns their transactions are comparatively small.

528. Is it the habit of people to save money?—I think that their condition in life is not so far improved as to be able to save much.

529. But those who are tolerably well off, what do they do?—The first thing they do is to convert their savings into ornaments.

530. Is it the habit of a man a little better off than the ordinary ryot to save money, and add to his capital?—Yes.

531. A good deal of money is hoarded, is it not?—I do not think so. I believe there is a great misconception on this point, for money is not so much hoarded as converted into ornaments, or else invested for reproductive purposes.

532. But the conversion of silver into ornaments is a form of hoarding?—Yes, but it is not exactly what I meant by hoarding when I used that expression.

533. *Mr. Maine.*—But where do the large quantities of silver go?—Among the poorer population they are converted into ornaments.

534. *The President.*—Has not the circulation of silver increased a good deal of late years?—Yes.

535. And in those districts where barter was formerly used as the means of exchange, silver is now used?—Yes.

536. Can you name any of those districts?—To a certain extent, in almost all the districts of Bengal. For instance, salt used to be exported from Calcutta to certain districts, and rice brought down in exchange, and this mode of barter was effected through the intervention of zemindars' agents.

537. This change from barter accounts for the absorption of silver?—No doubt it does.

538. Do you think this absorption has reached its limit?—No; it will go on increasing as trade increases, and it will be a long time yet before the limit is reached. I think it is owing rather to the extension of trade than to the supersession of the system of barter that so much silver is being absorbed.

539. You said that the barter system was being superseded by the expansion of trade, and that there is an increasing absorption of silver: is there not, therefore, a greater demand for commodities?—Yes, I believe there is.

540. That is to say that the body of the people are richer?—There is no question about that.

541. And the absorption will go on steadily, according as the people are better off?—Yes.

542. You are speaking only of Bengal, are you not?—Yes, only of Bengal.

543. Do you not consider that barter is the sign of a very poor country?—Yes.

544. And that as barter in a country disappears, poverty disappears?—Yes.

545. That is to say, that the people of the country become richer?—Just so.

546. Are you aware of any districts which have lately been improved by canals and roads?—I believe there are many districts in India which have been thus benefitted; but I am not aware of any in Lower Bengal, which have been improved by canals.

547. Does the property in the neighbourhood of canals rise in price?—Yes, and in some places it is double on account of the rise of produce.

548. The rise of the price of land has the same effect as doing away with barter, *viz.*, that the people become more wealthy?—Exactly so.

549. *Mr. Maine.*—A good deal of the demand for produce is for exportation, is it not?—Yes.

550. Is there a tendency to a greater consumption of the produce of the country?—Yes, I should say so.

551. *The President.*—Do the people eat more, now that they are better off?—Yes, and the great increase in the consumption of sugar is an index; but it is difficult to judge how much better off they are now in the absence of reliable statistics.

552. Has not the consumption of salt too, increased of late years?—Yes.

553. And this notwithstanding the increase in the salt duties?—Yes.

554. How are the dues to Government paid?—All in money.

555. There is a difference, then, in this practice and that prevailing in some of the Native states?—Yes.

556. A great many Native states are paid in produce?—Perhaps so, though I am not aware of any considerable number who receive their dues in produce.

557. You said just now that there had been a great rise in the price of all kinds of produce of late years; can you give an example?—About ten or twelve years ago, rice used to sell for about one rupee a maund, and now it sells for four rupees.

558. People prefer silver in their hands to Notes, I suppose?—Undoubtedly they do.

559. And if they have any notes, are they in the habit of paying any *batta* in the bazar to get them converted into rupees?—Yes, and the *batta* varies.

560. What do you mean when you say it varies?—If the bazar is at a great distance from the place of the issue of the note, then more *batta* is charged.

561. *Mr. Maine.*—Do ryots ever pay in notes?—No, never to my knowledge.

562. But the zemindars do?—Yes; the zemindars pay notes into the treasuries as they generally find it more convenient to do so. In fact, they try and get all the notes they can lay hands on for this purpose.

563. *The President.*—Then you consider that notes do not pass for money among the people?—No, and this is partly on account of their ignorance of what the note actually is, and also because the generality of their transactions are so small that notes would be useless.

564. Do you think, then, a 5-rupee note would be useful?—I doubt if even this would do any good.

565. Do gold coins pass freely?—To a certain extent they do, but nothing like so readily as silver; gold is preferred for hoarding.

566. Then you think that gold coins of the value of Rs. 15, 10, and 5 would be preferred to notes, since these coins would be considered as holding value?—Yes, just so.

567. If gold coins were current, would the shroffs charge as much *batta* on their conversion into silver, as they now charge on the Government note?—Perhaps not. But people would like to keep their gold, and not be so eager to get silver for it as they now are for notes. Notes are soon destroyed, and the mass of the people have no safe place to keep their notes.

568. Whereas they tie up their coin in their cummerbunds, and cannot keep notes without spoiling them?—Just so. The people cannot keep notes without running some risk.

569. Is there a large importation of gold into India?—Yes, I believe so.

570. What becomes of all this gold; the exports of gold from India are very trifling?—I think it is nearly all converted into ornaments or hoarded.

571. In some parts of India, there is a great circulation of gold, is there not?—Yes, the circulation of gold in the North-West is greater than in Bengal.

572. In some parts of India old British gold mohurs and sovereigns circulate, and in others gold mohurs coined in Native states?—Yes.

573. I suppose if there is only a small quantity of gold coins in the market, the price is enhanced?—I think the price depends upon the standard of the gold.

574. In times of disturbance, does not the price of gold rise?—Yes, for it is at this time that gold is required for hoarding.

575. Is it not true that when the notes of the Bank of Bengal were refused, the price of gold rose very high, and Government paper even was greatly depreciated?—Yes.

576. Have you ever heard that as much as Rs. 20 have been given for a gold mohur?—I am not aware of this. I know that Government securities have fallen sometimes considerably, and that it was at this time that gold mohurs were in great request.

577 That is as much as to say that natives have a notion that gold has some value which other things do not possess?—Quite so.

578. Do you imagine that any system of a note circulation will ever eradicate this notion from the minds of the Natives?—No. The Native will *always* prefer gold and silver to paper.

579. *Mr. Maine.*—Even in the Presidency towns?—Yes, I think so, even there.

580. When the Bank of Bengal issued its own notes, did the people distrust these as much as they do those issued by the Government?—I am not prepared to say that they make any distinction between the two.

Fifth Sitting, March 13, 1866.

PRESENT:—HIS EXCELLENCY THE PRESIDENT.

THE HON'BLE H. S. MAINE.	E. H. LUSHINGTON, ESQ.
THE HON'BLE W. GREY.	G. DICKSON, ESQ.
THE HON'BLE D. COWIE.	H. G. DUNLOP, ESQ.
THE HON'BLE G. ROSS.	W. HALFORD, ESQ.

COLONEL BALLARD, CALLED IN, AND EXAMINED.

581. *The President.*—What is the office you hold?—I am Officiating Head Commissioner of Currency and Mint Master at Calcutta, and was till lately Commissioner of Currency and Mint Master at Bombay.

582. Was there not a run on the Currency Department in Bombay in the course of the last cold weather?—Yes, there was.

583. State what occurred?—The run commenced about September. The circulation in July and August was very large, and in October the circulation had fallen by a crore—from Rs. 3,96,00,000 to Rs. 2,93,00,000.

584. What was the cause of these occurrences?—The price of cotton had risen considerably, and merchants wanted silver to send up-country. There was a good deal of money in Bombay at the time, but it was mostly held in notes.

585. Had the state of the law with regard to Mint certificates at that time any thing to do with the run?—No, I think not: the law was in favor of the holders of bullion.

586. Were you able to meet the run?—Yes.

587. That is, you always had a sufficiency of coin to cash notes?—Yes, we were certainly at one time very near the bottom, but we were never quite denuded of coin.

588. What do you call being near the bottom?—We had out a circulation of Rs. 2,60,00,000, and had only Rs. 10,00,000 in coin.

589. Did this cause any apprehension to you and the Bank of Bombay?—Yes.

590. Had you any difficulty in meeting the demands of the Bank of Bombay?—There was no stoppage, and every demand was met.

591. *Mr. Maine.*—Was any pressure put on the Bank of Bombay not to bring its notes for encashment?—The Secretary of the Bank and I were on very good terms, and he knew that if he sent any large number of notes for silver, great embarrassment would be caused.

592. *The President.*—Supposing there had not been this amicable feeling between you and the Secretary to the Bank, and if he had sent notes to the value of half a crore of rupees to be cashed, what would have been the effect?—We could not have met the run.

593. *Mr. Grey.*—But had the Bank notes to the value of half a crore to bring?—No, they had only 25 lakhs of Rupees worth, when we were at the lowest. When the silver coin reserve at the Mint was low, the note reserve of the Bank of Bombay was low as well.

594. *The President.*—You say that the law at that time with regard to Mint certificates had nothing to do with the run?—I meant there was no defect in the law for giving coin as quickly as possible for bullion.

595. The bullion merchant could demand notes for bullion?—Yes.

596. And he could convert these notes at the Currency Department for coin?—Practically this was always done.

597. Then this must have tended to increase the crisis?—It tended certainly to put us in difficulties, but there was no panic; for the fact of people knowing that we held a sufficient quantity of bullion against the notes prevented this.

598. There was a great inconvenience to Government, was there not, in transmitting actual coin—a steamer from Calcutta to Bombay had to be chartered expressly, and large sums had to be sent from Madras, and so forth?—Yes.

599. *Mr. Cowie.*—There must have been a great run on the Currency Department to have brought the silver reserve down to 10 lakhs of rupees?—Yes, but there was no panic.

600. *The President.*—Are the currency notes sent up-country for payments on account of raw produce and of manufactured opium, or do the ryots insist on payment in silver?—People prefer to get silver from all I learn.

601. Is gold also made use of for operations of payment?—Yes, in some parts of the country.

602. Notwithstanding that it does not come under the head of legal tender?—Just so.

603. Would you indicate the parts of the country you refer to?—All through the Bombay Presidency.

604. It is said in the Bengal Presidency that beyond the Presidency town, the currency notes are only used for the purpose of remittance, and consequently sink to the rank of commercial paper. How is this in the Bombay Presidency?—The currency notes are not in favor in the Bombay Presidency, except in the Presidency town.

605. Do your remarks apply to the whole Presidency with no exceptions?—Yes, to every place out of Bombay.

606. Are the collectors cramped in their indents for notes, or, are such indents generally complied with by the Accountant General?—I am not aware that collectors are cramped.

607. Is it thought in the Bombay Presidency that any economy in the amount of silver in circulation has taken place owing to the introduction of notes in the Mofussil?—I have never heard the question put in that form. I have always been told that the people are not in favor of notes.

608. Considering that the banks keep their reserves in notes for the most part, is there, after all, any real note circulation out of the Presidency town?—Travellers find it more convenient to take notes, and force them on the people, and thus there is a small circulation.

609. Is the circulation developed in the Scinde circle?—There are about 10 lakhs of rupees in circulation.

610. Is it confined to Kurrachee, or does it extend all over Scinde?—The bulk of it is confined to Kurrachee.

611. Has it ever been asked you whether a 5-rupee note would answer as well in the Bombay Presidency as a 10-rupee note?—It has never been put to me officially.

612. Are you of opinion that there should be one note for all India to be convertible only at the Presidency towns?—I do not think this would answer at all.

613. Can you imagine any conditions under which notes would be convertible?—I think at times there would be enormous expense in remitting coin from one Presidency town to another.

614. Do you think that one note for all India would answer on the following conditions, *viz.*, 1*st*, that such notes are legally convertible in Calcutta, Bombay, and Madras; 2*ndly*, that collectors in districts shall give silver for notes at par when it is in their power to do so without loss to the public; 3*rdly*, that collectors when in their power should be bound to exchange small notes for large ones, or *vice versâ*; 4*thly*, that it should be a rule that for sums not exceeding Rs. 200, the holders of small notes might obtain on demand, as a matter of right, change in silver at any collectorate?—I am afraid that, under these conditions, the Government would be obliged to send large remittances in coin from one Presidency town to another.

615. *Mr. Maine.*—The remittance transactions between the Presidency towns would necessitate this?—Yes.

616. *The President.*—Is it a convenience having a circle at Kurrachee?—I think it is a convenience to the people in Scinde, having a circle of their own.

617. What facilities exist in the Bombay Presidency for cashing notes?—Literally there are no facilities, and every one is forced to pay some discount in getting his note cashed.

618. *Mr. Maine.*—And the rate depends upon the proximity to the office of issue?—Yes.

619. *Mr. Dickson.*—What was the amount of notes issued by the Head Commissioner of Paper Currency in Calcutta, and outstanding on 2nd March 1863, *i. e.*, after 12 months' operation of the Currency Act?—Rs. 2,45,60,000.

620. What was the amount in circulation on the corresponding date in 1864?—Rs. 2,18,00,000.

621. What was the amount on the same date in 1865?—Rs. 2,90,44,920.

622. What is the amount on the latest date of the present year?—Rs. 2,61,00,000.

623. The circulation, therefore, shows an increase of only Rs. 15,40,000 during a period of three years?—Yes.

624. What was the highest point the circulation touched, and when?—Rs. 3,27,02,230 on 1st October 1865.

625. You will observe from the statement placed in your hands that prior to the withdrawal of the Bank's right of issue, the circulation of its notes was pretty uniformly to the extreme limit allowed by law, *viz.*, 2 crores?—(Appendix XXII, page xxxiv).

626. So long as the amount in active circulation by the Bank did not exceed 2 crores, the daily requirements of the Bank's still were supplied by the Bank's unissued notes?—I suppose this would be the case.

627. As a sum of about 50 lakhs of rupees is necessary for that purpose, the Bank is compelled, under the Currency Act, to *purchase* in silver an equal amount of Government currency notes for performing functions which the Bank's own surplus notes formerly performed?—The Bank could only use unissued notes below the 2 crores for its till. It could use its reserve of notes, but surplus notes over and above the 2 crores of authorized circulation would be mere stationery.

628. In instituting a comparison, therefore, between the latest circulation of the Bank's own notes (say Rs. 1,90,00,000) and of Government currency notes (Rs. 2,61,00,000), the sum of 50 lakhs of rupees would fall to be added to the former or deducted from the latter?—I think an allowance should be made for the currency notes held by the Bank—50 lakhs of rupees would be a fair sum to put it at.

629. Either way the result would show a difference of only 21 lakhs of rupees?—

630. Looking to the steady increase in the Bank's own circulation from 1858 to 1862, and the great expansion of the trade of Bengal during the last four years, simultaneously with the establishment of numerous branches of exchange banks, and the introduction of banking into the chief towns of Bengal by the opening of the Bank's own branches, are there not strong grounds for believing that, had the Bank's power of issue been enlarged under the new Charter, its circulation would have been at least as successful in its results as the Government Paper Currency?—I think this would have been very probable.

631. Is it not apparent from the foregoing facts that the great results anticipated from the introduction of a legal tender Paper Currency under Government auspices have not been realized?—I am of opinion that the expectations have not been realized, specially as regards the Mofussil circulation.

632. Is the establishment of only one centre of issue for the whole of the North-Western Provinces, a second for the Punjab, and a third for the Central Provinces, each embracing in its circuit several hundreds of miles, calculated to promote the circulation of the Paper Currency, or to secure the immediate convertibility of the notes?—The establishment of circles extends the circulation.

633. Does it not appear to you that the option given to the holders of circle notes to convert them into silver at the head office of issue in Calcutta has a tendency, temporarily, to inflate the provincial circulation, inasmuch as such notes are largely used in an adverse state of the exchanges, to perform the functions of bills of exchange or letters of credit?—Yes.

634. Are you aware that before the establishment of the subordinate centres of issue, the Bank had introduced the Paper Currency into the towns where it had planted branches, by issuing notes at the option of customers in the ordinary course of business, each branch having an issue of its own under its distinguishing mark, and being bound to protect the convertibility of notes of its own issue?—I was not aware of this.

635. Did not the branches at the same time mutually afforded every facility to the cashing of notes of their respective issues free of charge?—I cannot say.

636. For affording such facilities to the public the bank had to provide coin at its own cost?—I am unable to answer this question.

637. Will you turn to the 9th section of the Currency Act—the Head Commissioner is bound to give notes for standard silver at the rate of Rs. 979 for 1,000 tolahs of standard silver?—Yes.

638. Will you turn to Mr. Wilson's Minute of 25th December 1859—it is stated that when the importer of silver would; under the above Act, "have the opportunity of converting his silver at once into money, and avoiding the inconvenience, such as was recently felt at Bombay, when money could not be obtained for silver, simply because the Mint could not turn out coin sufficiently fast. This would be giving to the merchants in India a similar facility for disposing of their silver at once for notes or coin as the London merchant possesses of disposing of his gold to the Bank of England"?—This is a correct extract.

639. Have not the monetary pressures in India of late years occurred with regularity towards the end and beginning of each year?—Yes.

640. The flow of silver into the interior has usually set in towards the end of October or early in November?—This has been the case in the Bombay Presidency.

641. What is the probable largest efflux of silver in any one week from Bombay during the past six months?—I have no idea.

642. What is the amount in rupees which the Bombay Mint can turn out daily?—On an average 4 lakhs, but we have coined as much as 6 lakhs.

643. What was the amount of investments in Government securities against the note circulation in Bombay in December 1863?—None.

644. What was the amounts in December of 1864, and the respective amounts on 2nd and 31st December 1865?—31st December 1864, Rs. 1,30,28,003, 2nd December 1865, Rs. 1,86,78,282, 30th December 1864, Rs. 1,72,78,282.

645. What was the amount of coined money in the Issue Department of Bombay in December 1863?—26th December, Rs. 1,14,00,000.

646. What was the amount in December 1864 and 1865?—31st December 1864, Rs. 2,08,71,997, 30th December 1865, Rs. 19,83,718.

647. Did not the circulation contract from 414 lakhs in July to 260 lakhs of rupees in December of 1865?—Yes.

648. Had the amount of investments not been increased subsequent to December of 1863, the amount of coin in the Issue Department at Bombay and the daily out-turn of the Mint would have been available and equal to the demands on the Issue Department?—Yes.

649. Was any legislative change made in the provisions of the Act prior to December 1865?—No.

650. Was the special clause repealed prior to December 1865?—No.

651. With the original obligation still existing, did you as Head Commissioner of Currency in Bombay consider it prudent or just to make further investments in Government securities and thereby lessen the power of the Issue Department to meet the requirements of the public?—I had nothing to do with the investments.

652. Seeing that, as stated on high authority, it is from the benefits arising to trade and commerce through the establishment of a sound Paper Currency, that the principal advantage to the State must arise, are you of opinion that a small gain to Government from the interest on investments is fairly or judiciously earned at great inconvenience to the public?—I consider Government gain is public gain. If Government keep a large sum of money in hand to make Mint certificates payable at sight, or to make all currency notes convertible at all Presidency towns, they are, in other words, ready to advance on bullion, and make remittances from place to place for the trading community. The balances would often lie idle for months, as Government cannot utilize uncertain balances in the way a banker can. The Government will be

doing the work of bankers, and so far benefit trade and commerce that they make no charge for accommodation; but Bankers would do all this at less expense than Government must incur, so the benefit to trade would be afforded at an undue cost to Government.

653. Every person who brings standard gold to the English Mint is by law entitled to have it converted into coin free of charge?—Yes.

654. Usage has established a few trifling fees to the Queen's Assayer, but they are too inconsiderable to be taken into account?—I do not think there are any fees.

655. The Mint out-turn of an ounce of gold of standard fineness is £3-17-10½?—Yes.

656. The Bank of England allows £3-17-9 per ounce only, or, in other words, charges 1½*d.* on each ounce to cover loss of interest on the coin or bullion notes paid to each purchaser?—Yes.

657. The seignorage in the Calcutta Mint amounts to 1 per cent. on gold?—Yes.

658. The English sovereign contains 123·274 grains;—3·274 grains added to the cost of freight and insurance @ 2½ per cent. is equal to 4 annas and 5 pie?—Yes.

659. If then an Indian sovereign equivalent to Rs. 10 should be coined of 120·000, and the Mint charge of 1 per cent. were added, its current value would be brought up to 121·200 grains?—Yes.

660. The real difference between the two coins would stand thus—

123·274 English sovereign.
121·200 Gold sovereign.

2·074, difference?—Yes, that is the difference between the cost of the coin.

661. 2·074 of difference is equal to 2 annas and 9 pie, or about 4⅛*d.*?—Yes.

662. *The President.*—This shows that the English sovereign is 4⅛*d.* better than 10 rupees?—Just so.

663. *Mr. Dickson.*—Could the English sovereign rated by law at Rs. 10-4 have a concurrent circulation in India, in your opinion, with the Indian sovereign?—Yes. If the English Sovereign only costs 2 annas 9 pies more than the Indian sovereign, but circulates at four annas more, I think it would be preferred.

664. Is the difference in value between the proposed Indian sovereign of 120 grains and the Australian one so great as to induce the importers of Australian Sovereigns, which are intrinsically of the same value as the English ones, but *not legal tender*, to melt and convert them into coins?—I think Australian sovereigns would probably circulate above Rs. 10 even if not a legal tender; but I cannot understand whey they should not be made a legal tender. If only one sovereign is made a legal tender, I prefer the Australian to the English.

665. Do not you think that the advantage of having coined money available for immediate wants would greatly outweigh any slight under-rating of gold as compared with silver which must be taken to the Mint and coined after the lapse, say of 25 days, or on which the importer would have to pay interest should he raise a loan on the silver?—To a certain extent it would, but this would depend on the under-rating. Gold imported for coinage would have to wait about half as long as silver before it was coined.

666. Has the relative value of gold and silver within your experience fluctuated to any considerable extent?—The price of silver fluctuates a good deal between 61*d.* and 62*d.* per oz. rarely reaching either extreme—with an average of about 61⅝*d.* per oz. This gives a fluctuation of about ½ to 1½ per cent.

667. If we take the market value of silver in London at 5*s.* per ounce and of gold at £3-17-10½ per ounce, they relatively stand at 15 to 1; an ounce of gold being coined into £3-17-10½ and $15\frac{69}{120}$ oz. of silver into the same sum?—They stand at $15\frac{69}{120}$ to 1.

668 *As it is, however, impossible to fix the relative values with exactitude, so long as* between one country and another both gold and silver follow the law of supply and demand, there will always exist some slight difference?—Yes

669 Is that probable difference so great in your opinion as to warrant the apprehension that great inconvenience would arise by the introduction into India of the "double standard" at the rating proposed, *viz*, Rs 10 of silver to the Indian sovereign of 120 grains?—I do not believe any inconvenience would arise, but the success of the measure is uncertain, unless the Indian Government take the silver coinage into their own hands This is what the English Government has long done The American Government have followed their example, and I believe a Commission from France, Italy, and Switzerland is sitting with the view of introducing a similar arrangement into those countries India is the great market for silver, and it is impossible to say how far silver would not rather under-sell gold than be driven from this market Both for the convenience of having a good currency and the advantage of a single standard of gold, I should wish to see Government assume the control of the silver coinage in quantity as well as in quality

670 Have you any means of stating what was the proportionate value of standard gold to standard silver at the market value of gold and silver for any lengthened period?—I have not returns which will show this

671 Prior to the recent discoveries of gold, it is stated that the proportion was 1 to 15 750?—1 to 15 6 would be nearer the mark, I think

672 It is generally assumed that in consequence of those discoveries the value of gold relative to silver has fallen to about 1 to 15 333?—Yes, I believe that is about the fall

673 Will you refer to the return in your possession and state the comparative imports of silver into India for 12 years prior and 12 years subsequent to the gold discoveries?—(Appendix XXIII, page xxxvi)

674 After making a fair allowance for the value of machinery and plant in connection with the large expenditure in railways in India (say 50 millions subsequent to 1852), do not you think that silver being the sole standard of value in India, the increased demand for railway expenditure would account in a great measure for a sudden rise in the marketable value of silver in London?—Yes, silver showed symptoms of falling just before the American war It was cheaper in 1861 than for some time before or since. When cotton fell in the beginning of 1865, silver fell also

675 Will not the increase in price and demand for Indian cotton in like manner account for the comparative high price of silver in more recent years?—Yes, to a great measure

676 Is there any probability that in consequence of a lessening production of gold, this difference will be greater?—The statistics of the production of the previous metals are very uncertain An engineer sent by the French Government to report on the Californian mines considered their produce likely to increase, and although the produce of the gold-fields in Victoria fell for some years, it has again risen, though not to what it was In Siberia it is increasing, and, on the whole, I believe there is small chance of less gold being produced

677 *The President*—Do you think that silver would rise and fall like other commodities?—Yes, to some extent it would

678 Do you not think that the price of silver has risen because it has not proved sufficient?—Yes, I think so, but that is only as compared with gold—there is plenty of silver

679 *Mr Dickson*—From a return in your possession, you are aware that the produce of gold increased rapidly from 1849, when it was 21 millions, up to 1853, when it reached 41 millions, while in 1863, it was only 32 millions?—I have seen such a return, but I saw a return for 1864 placing the yield of gold at 41 millions.

680 Silver also increased from 14 millions in 1849 to 1853, when it was 16 millions, and in 1863 it reached 18 millions?—I have seen such a return. From all I have read, the silver

mines of California are likely to be very productive. Bars from the San Francisco Mint now come to India *viâ* China. The produce of the silver mines has been rated much higher for 1864, but I cannot say with what accuracy. I believe it quite possible we may be inundated with silver.

681. The relative values of the two metals do soon adjust themselves to each other, and the great apprehensions at one time entertained and insisted on since 1825 (discovery of gold in America), have not been realised?—Yes.

682. Is there, in your opinion, any great risk of inconvenience to Government should gold rapidly displace the rupee in circulation?—I do not see that the inconvenience would fall particularly on Government. It must, however, be a long time before the rupee can be replaced to an extent which would cause inconvenience—the inconvenience being the want of small change.

683. Supposing the treasuries in payment of public dues to be filled with the bulkier metal, and if Rangoon and other neighbouring states could not take off our surplus silver, could Government, even although silver is legal tender, easily get rid of it?—Certainly, they have simply to pay it away.

684. On the whole, then, you are of opinion that an Indian gold coinage would be advantageous to the people of India under the conditions prescribed in Act No. XVII of 1835, *viz*.—"Mohur of 180 grains, sovereign 120 grains, half-sovereign 60 grains $\frac{11}{12}$ fine"?—I consider a gold coinage would be advantageous, and that the gold coins should either be similar to the English sovereigns or 120 grain-sovereigns (10-rupee piece of Act XVII of 1830), and that it does not much matter which coin is selected, both have advantages and disadvantages, but I should desire to see the advantages of a single gold standard and the convenience of a gold currency, secured by Government assuming the control of the quantity of silver coin to be issued from the Mint.

685. You see no reason to object to the introduction of the English sovereign of 123·274 rated at Rs. 10-4?—I should like to see it introduced at Rs. 10.

686. Home orders sent by telegraph for purchase of cotton and other staple exports are now executed long before the arrival of specie remittances?—Yes, I believe so.

667. Seeing that gold, whether imported in bars, or sovereigns could be made more easily available for the immediate requirements of commerce than bar silver, would not the adoption of the double standard tend to give more steadiness to the money market and lessen the exceptionally high rates of interest which periodically recur?—I do not consider that the effect would be appreciable, or that past experience warrants the supposition. If all the bar silver which has been imported during the last few years had come in the shape of rupees, the rate of interest and exchange would have been little altered on the whole.

(Colonel Ballard here handed in a printed Memorandum—(Appendix XXIV page xxxvi).

668. *The President.*—The rupee being an Indian coin, in the denomination of which all obligations, public and private, are contracted in India, is it not necessary to preserve that denomination for the statement of all debts and obligations which have been so contracted?—It is highly desirable.

689. This being so, if we have a gold coinage, the gold coin must simply be a golden representative for the existing silver rupee?—Yes, it must.

690. Can this be effected by the use of a foreign gold coin which is not coined with such an intention, that is to say, if the gold coin is to be an exact multiple of the rupee?—I know of no foreign gold coin which is an exact multiple of the rupee.

691. As a matter of expediency, then, is it not advisable to have an Indian gold coin calculated and designed solely with regard to the British rupee in which all obligations and debts have been contracted under British rule?—Yes.

692. It is probable that the Natives might continue to cash mohurs if of Rs. 15 value, but it might be expedient to have pieces of the value of 5 and 10 rupees for the purposes of a decimal coinage?—I should like to qualify my answer to this question. There are other considerations which make it desirable to have the sovereign in India.

693. I want you to confine your remark simply to India, and say whether you think it expedient to have a gold coin in India, putting out of sight the exchange between India and Australia, not designed to represent the rupee, seeing that the rupee was the coin under which all debts were contracted?—I think that the sovereign is so well known throughout India that this would be the best coin to introduce.

694. Supposing the sovereign was not worth 10 rupees?—It would depend on the amount of the difference.

695. *Mr. Maine.*—Had you not a number of sovereigns at one time in the Currency Department at Bombay?—Yes, above 30 lakhs of rupees worth.

696. And what has become of them?—They have all gone into circulation.

697. *Mr. Cowie.*—Were these Australian sovereigns?—All but about one lakh's worth.

968. *The President.*—You have already stated that the rupee must not be tampered with?—No.

699. Assuming the fact to be true, that the intrinsic value of the gold in the sovereign is Rs. 10-3, how can any operation cause the sovereign to remain in circulation in India if it is made a legal tender for Rs. 10?—People must use sovereigns if they cannot get rupees or any other coin.

700. If every sovereign was made equivalent to Rs. 10, instead of Rs. 10-4, it would have the effect of demonetizing silver in favor of gold?—I do not see why it would.

701. But why pay away a coin of the value of Rs. 10-3 when you have given only Rs. 10 for it?—You would have to pay Rs. 10-3 for it at the Mint.

702. A bank could not pay away the sovereign except at the rate of Rs. 10-3, who then would have to pay this extra 3 annas?—That would only apply to deposits made before sovereigns were introduced, in such case the bank would lose no doubt.

703. But at the Mint, the Government would have to pay this extra 3 annas, and how could Government be reimbursed, since the coin, according to your proposal, could only be issued at Rs. 10?—There would be no loss to the Mint, because it would pay out the sovereign at Rs. 10-3, and it would be paid in at Rs. 10-3, the Mint only deals by weight.

704. Yes, but take the selling price of the sovereign at Rs. 10-3. If the Mint wants gold, it must pay at the rate of Rs. 10-3—is the Mint to issue at the rate of Rs. 10?—If the Mint pays Rs. 10, it will pay out at Rs. 10. The Mint would take a certain quantity of gold and pay it out again at the price they gave for it.

705. *Mr. Cowie.*—Are you aware that no sovereigns are coming to India at the rate of Rs. 10 to a sovereign? I am not aware of this.

706. Would any gold remain in circulation, if it is worth more, to be sold for the purpose of hoarding and melting down into ornaments?—No.

707. If the sovereign was worth Rs. 10-4, would it circulate?—My proposition would force up the rupee.

708. But silver would be a mere token then?—It would be a token, but a token worth within 2½ per cent. of its nominal value. It is hardly a fair term.

709. *The President.*—Can the Mint rule the price of gold?—No, but it would rule the price of silver. I should issue a large supply of silver from the Mint for a long time to come.

710. You propose to add slightly to the value of the rupee?—Not to alter the coin.

711. Then why increase the national debt, your proposition must have this effect?—I know this is an objection, but it is a matter of cost.

712. The public would suffer then?—They would have to pay for the advantage. It might be too dear.

713. *Mr. Cowie.*—You would then only give a bonus to the importer of bullion?—

714. *Mr. Dunlop.*—What are the profits to the Currency Department by the present investment in securities?—Eighteen lakhs of rupees.

715. If the securities were sold at the present market rate of Government paper, would there not be a heavy loss?—Yes.

716. Would the loss absorb more than all the profits?—No.

717. *The President.*—Do the dividends which accrue to the Currency Department by the investment of the securities exceed the expenses of the department?—Yes, I believe so.

718. What is the total cost of the Currency Department throughout India?—About 5 lakhs of rupees. Our heaviest expense is the payment to the banks of the ¾ per cent., which I think a most exorbitant charge.

719. What is the payment?

720. Mr. Wilson stated that the profits of the Currency Department are a legitimate source of income to the State?—I quite agree in this.

721. It affords an income without taxing any one?—Just so.

722. The income is the difference between the expenses and profit?—Yes, and this difference is about £130,000.

723. Have you ever heard that great losses have been incurred by the Government by people remitting notes to meet liabilities due to the Government?—No.

724. When complaints are made that notes have been lost, what course do you adopt?—If we get intelligence of the loss of notes we send the nos. of the missing notes to all the local treasuries, and tell them to stop payment. I never heard of a note being regained by this means however.

725. *Mr. Lushington.*—You said just now that there had been a great fall in the note circulation, has it risen again?—Yes, it has risen from 260 lakhs to 290 lakhs of rupees.

726. What is the cause of this?—A large quantity of silver has come into the country since the fall, and some of this has been invested in notes.

727. Why do people invest in notes?—Because they are more easily locked up.

728. Is there entire confidence in the note circulation?—Yes, entire confidence.

729. If people show this confidence in the note, why not increase the number of circles, then it is presumed that every one would have confidence?—I should hardly say that, for I am confining my remarks simply to the Presidency town of Bombay; there is no confidence whatever in the Mofussil, as they are not understood.

730. *Mr. Maine.*—Do not all the banks keep most of their reserve in Government currency notes and change them at the department when they require silver?—Yes.

731. Then the effect of this system is that the Government keeps the silver of the public at its own risk, and at no expense to the public?—Yes.

732. *Mr. Cowie.*—One reason the Natives up-country will not take notes is because they cannot read the inscription on them?—I believe so.

733. How then is it that they take hoondees written in the Nagri character—they are unable also to read this?—They have confidence in them, but not in the note. They know from whom they get a hoondee, but any hone may pay them in notes.

734. *Mr. Maine.*—As a rule, does the whole population throughout India take hoondees?—Yes.

735. *Mr. Lushington.*—Hoondees are a safer mode of remittance?—Yes, they can get duplicates for a hoondee, and if it is lost they can always get another; but if a note is lost, there is very great difficulty in getting another.

736. *Mr. Cowie.*—Since your arrival in Calcutta, has your attention been given to the possibility of increasing the working power of the Mint?—I have hardly been here a sufficient time to answer that question. The machinery appears to me to be very large.

737. *The President.*—Do you think there are greater working powers than in the Mint at Bombay?—Larger for working both silver and copper, but not for silver alone. They could easily be extended for silver.

738. *Mr Dunlop.*—What was the amount of silver bullion tendered at the Mint in Bombay in October last, when there was such a run on the Currency Department at Bombay?

739. Had this silver, tendered at the Mint, no effect on the run on the Currency Department?—No effect whatever.

740. *Mr. Cowie.*—There are times, are there not, when no silver bullion at all is tendered the Mint?—Yes, for about two or three months every year.

741. *Mr. Ross.*—Do you think that an imperial note and of a moderate denomination of value, and of such a definite form and aspect (differing, of course, from the circle notes now current) as that it might after a short period be readily distinguished by the mass of people, the same being a legal tender but convertible only at the Presidencies, would circulate and prove acceptable?—I think no note would be acceptable. The larger the circle, the greater the infliction on the people, as they have to go further for coin.

742. *Mr. Halford.*—Will you state what proportion of the currency reserve was held in silver bullion on the 31st of December last?—Rs. 1,03,00,000.

743. In view of the pressure for coin which periodically arises in Bombay and Calcutta, do you think it is advisable to keep so large a portion of the currency reserve in silver bullion as is now done in the Mint, or would it not be more advisable to have the bullion coined as it is brought into the Mint?—We coin the bullion as fast as it is possible to do so.

744. For how long a period prior to the 31st of December had the Mint been working up to its full coining capacity of four lakhs of rupees per diem?—The ordinary coining capacity of the Mint is a little over two lakhs of rupees per diem. In the middle of December last, it commenced working extra hours to keep pace with the influx of bullion, and continued making extraordinary exertions so long as the demand for coin existed.

BABOO RAMGOPAUL GHOSE, CALLED IN, AND EXAMINED.

745. *Mr. Dickson.*—You are a merchant in Calcutta?—Yes.

746. How long have you been in business?—About 35 years.

747. You have also had branch houses in Rangoon and Akyab, and business relations with a great part of Bengal?—Yes.

748. You have business connections with England, Australia, and other foreign countries, have you not?—Yes, I have.

749. You were for two years a Member of the Legislatve Council of Bengal?—Yes, I was.

750. You have also been nominated to act on various Committees appointed by Government for investigating matters of public interest?—Yes, I have acted for upwards of 20 years on more Government Committees than perhaps any other individual, Native or European.

751. You have had more than ordinary opportunities of knowing the opinions of the people of India?—Yes, I have enjoyed great opportunities of acquainting myself with the opinions of various classes of my countrymen.

752. Can you inform the Commission if the Paper Currency has been largely used in the transaction of business?—The Paper Currency has not been extensively used except in the Presidency towns.

753. Can you assign any reason why the shroffs and great Native money-lenders dislike the introduction of a legal tender Paper Currency?—Because the successful introduction of a Paper Currency would materially affect their own operations in hoondees or inland bills of Exchange.

754. Do the less educated portion of the people out of the chief towns appreciate or largely make use of a Paper Currency?—They do not.

755. What is their opinion regarding it?—They look upon it as a cunning device to denude the country of the precious metals.

756. Do you think that a legal tender note of the denomination of Rs. 5 is required in India?—I think not.

757. Among what classes would such a note, if introduced, chiefly circulate?—Chiefly among the poorer classes of the people.

758. *The President.*—Why would not a 5-rupee note be acceptable to the mass of the people?—Any one having large transactions would eschew these small notes. If I took a cheque for Rs. 5,000 to be cashed at any bank, I would not at all like to carry away with me a bag of small notes, but would prefer the notes of large denominations, which I could change as I wanted. Then, again, a laborer must exchange a 5-rupee note if he unfortunately should become possessed of one. He lives from hand to mouth, and he could never keep a note even of this small denomination for any length of time. His daily wants would necessitate his converting it into silver. I feel sure that if a master paid his servants in paper, he would have to pay a higher rate of wages than one who paid his servants in silver. A poor laborer in possession of a note has no idea where to go to in order to get his note cashed even in the Presidency town, where ready conversion is close at hand. Again, in case of a run for cash for notes, the poorer classes would be the first to raise the alarm, and they would rush to get their notes cashed. The higher classes would know better, and would not be so susceptible of a panic, as they have more confidence. But the slightest suspicion of a panic would be greatly exaggerated by the poorer classes, who would be eager to get silver for their 5-rupee notes, and hence great mischief would ensue. I consider this a very strong reason why there should not be an issue of a 5-rupee note.

759. Would a panic be caused by any thing but political troubles?—There is no saying how a panic might be caused. Panics sometimes arise in times of peace, and with a suspicious class of people, like the Natives of India, I think panics might be caused by other than political troubles.

760. *Mr. Maine.*—Suppose nothing more happened than that a report got abroad that the Government did not intend to cash its notes?—This might probably take place and create a panic.

761. *The President.*—A report of this kind would spread rapidly, I suppose?—Yes, it would. But the holders of 1,000-rupee notes, *i. e.*, the richer class of Natives, would not believe it so readily as those who held 5-rupee notes.

762. *Mr. Maine.*—Would the knowledge that a small number of forged notes were abroad cause a panic?—I think it would. It would be very easy to palm off a number of small forged notes among the body of the people who cannot read, and who do not, therefore, understand the hieroglyphics of the note.

763. And in the Mofussil this would be easier still?—Yes, very much easier.

764. *The President.*—I suppose discount is charged in the bazars for cashing notes?—Yes, it is.

765. In Calcutta how much is charged?—I know of no fixed discount, but something is always charged. A laborer has no time to hunt about for the place where he can get cash for his note without paying any thing at all, and his only way of getting silver is to take it to some money-dealer and pay *batta.*

766. *Mr. Dunlop.*—If he had a gold coin of the value of 5 rupees would he not experience the same difficulty?—Not so much, for the gold coin has a value about it which paper does not possess.

767. *The President.*—Some *batta* is charged in the bazar for converting a rupee into copper coin, is it not?—Yes.

768. And you think that more is charged for converting notes than for converting gold?—Yes, I think so.

769. Supposing there was perfect confidence in the note, would the Native money-dealers then charge discount?—I cannot say but it will be a very long time before there is such confidence in currency notes.

770. *Mr. Dickson.*—What is the present average rate *per mensem* of wages of cultivators and of laborers generally?—About 5 rupees is the average rate.

771. If notes are made legal tender, is not an obligation thereby imposed on the person entitled to payment to accept them for the sums which they respectively represent?—Certainly.

772. Without the readiest means of converting such notes, would not great inconvenience and loss be entailed on those receiving them?—Yes.

773. Unless a treasury were established in every hamlet or town throughout India, do you think it possible to afford means of instant convertibility?—Of course, "instant convertibility" could only be ensured by coin being available wherever there may be notes.

774. What is the number of treasuries in India and the distance in miles between the several centres of issue in the Bengal Presidency?—There are about 220 treasuries I believe. The distance between the several centres of issue is upwards of 500 miles. Calcutta to Allahabad is 630 miles by rail, Allahabad to Nagpore about 400, and Allahabad to Lahore about 650.

775. The practical result, therefore, is, that holders of notes are subjected to a considerable discount on their encashment?—Yes, generally in all stations in the interior.

776. In your opinion, would the introduction of a 5-rupee note chiefly designed for circulation among the lower classes tend to strengthen their confidence in the Government?—Certainly not.

777. To what districts is the present circulation of notes chiefly confined?—Chiefly to the Presidency towns.

778. Must not the extension of the actual note circulation be very gradual and assume larger proportions only as confidence in its immediate convertibility is acquired?—Yes, I think so.

779. Is the present system of circles calculated, in your opinion, to increase or retard the circulation?—It is calculated to retard the circulation.

780. Would you give your reasons for that opinion?—Because as the notes of each circle can only be cashed at the centre of such circle and at the head office, they are of little use for commercial or other transactions beyond those particular localities.

781. Has the abolition by the Mint of the system of registration of notes tended, in your opinion, to diminish confidence in the note circulation?—If registration is done away with, I have no doubt it would diminish confidence, as it would create very great difficulty in tracing stolen notes.

782. Is it the practice of Native bankers to allow interest on money deposited with them?—Yes, at a low rate of interest (average 3 per cent.)

783. In towns where, to some extent, such deposits are made, do you think the amount is considerable?—Not very considerable, except in a few exceptional cases in some of the larger towns.

784. Do you suppose that high rates of interest would in time induce the people who hoard money to entrust it to European or Native bankers?—I think for a long time to come people at a distance from populous places will continue to be their own bankers. They would sooner entrust their money to some well known Native of high character rather than to an European bank. The pass and cheque books would be mysteries to them.

785. The lowest amount which may be invested in Government securities is Rs. 100?—Yes, but the amount of securities of such small value is extremely limited, as the minimum deposit in later loans was fixed at Rs. 500.

786. Does it consist with your knowledge that any considerable proportion of Government securities yielding from 4½ to 5 per cent. interest per annum is held by Natives out of the Presidency towns and chief cities of India?—I believe not.

787. A purchaser of Government securities may have the interest made payable at any Treasury throughout India?—Yes, on application to the Accountant General he usually enfaces such an order.

788. Notwithstanding such facilities, comparatively few Natives avail themselves of such investments?—Yes, comparatively few.

789. *The President.*—Why do not Natives invest in Government securities?—The higher classes invest in them to a certain exent.

790. Does not the system of banking give great facilities?—Perhaps so; but I think the Natives generally have hardly sufficient confidence in the nature of the securities themselves, and they, therefore, make other investments and bury a great portion of their money. One would imagine that after a century of British rule, the Natives of India would readily invest in Government securities, but it is not so. The fact is that the country people in general do not consider it safe to invest in them.

791. What then is considered a safe investment?—Nothing short of actual concealment under the ground in their own houses.

792. *Mr. Dickson.*—What is the amount of the entire debt of India?—It amounts to about 100 crores.

793. What proportion is held by the Natives of India?—About 20 crores are held by the Natives of India.

794. What classes chiefly hold Government securities?—Chiefly Hindoo rajahs zemindars, and others of the upper classes, including Government servants and pensioners.

795. Those rajahs, zemindars, and others of the upper classes are for the most part resident in or near the chief cities of India?—Yes.

796. What is the amount of capital invested in, or authorized to be raised for, the construction of railways in India?—I believe about 70 crores.

797. Nearly all the railways in India carry the Government guarantee?—Yes.

798. At what rate?—At 5 per cent. per annum.

799. Is there not the prospective—it may be distant—advantage of half-surplus earnings beyond 5 per cent.?—Yes, there is.

800. What is the amount of stock held by the Native classes in those undertakings the minimum rate of interest of which is guaranteed by the Government at 5 per cent.?—The amount of stock held by the Natives is very limited. The total number of registered proprietors of Indian railways was 36,533 on 31st December 1864, of which 393 only were Natives of India, and as they are chiefly holders of small amounts, I do not think even 1 per cent. of the capital has been contributed by the Natives of India. (Appendix XIX, page xxxii).

801. You are one of a very few Native gentlemen who hold railway stock?—Yes.

802. Loans are easily obtainable on railway stock in the Presidency towns and chief cities of India where banks are established, and yet the people do not understand the nature of the security?—They do not seem to appreciate it.

803. *The President.*—You say that very few Natives hold railway stock?—Yes, very few.

804. Why is that?—One reason is, that 5 per cent. is not considered sufficient. But still under the guarantee of 5 per cent. from the Government, and with the prospect of more, one would have thought that more Natives would have invested in this stock, and more especially as the railways in India must be considered a great success; but the Natives do not understand this investment. I believe it was chiefly owing to my personal endeavours that the number of Natives who hold railway stock is even as large as it is. I worked very hard at the time of the announcement of the 5 per cent. guarantee for the East Indian Railway, and I induced a few of my friends to take shares. Again, when the Mutlah Railway was broached, I got a few of my friends to do the same. It is a remarkable thing that not a single Native in Madras has invested a rupee in railway stock.

805. *Mr. Dickson.*—What becomes of the vast quantities of silver and gold imported into India?—The great bulk of these metals is, in the first instance, coined at the several Presidency Mints (Appendix XX, page xxxii), then they go into circulation chiefly for the purchase of produce, and latterly, for the construction of railways and other works. A large proportion of gold and silver coin is melted for making ornaments and various descriptions of plate, utensils, &c., and immense quantities disappear from circulation by the practice of hoarding so commonly resorted to, particularly in the Upper Provinces. A portion also is wasted in the manufacture of various kinds of goods, such as laces, brocades, embroideries. The wastage from abrasion is also worthy of consideration, not only of the ornaments in constant use, but of the plate and other articles used in Hindoo worship, which require to be rubbed and polished daily.

806. Can you form any idea of the amount of the metallic circulation throughout India?—I fear there can be no reliable data to answer your question; but the late Mr. Wilson estimated the amount at about 100 crores, and other intelligent men think such estimate to be not improbable.

807. *The President.*—Is there not a greater inducement to speculate now that so much more silver is in the country?—In the Presidency towns there is such a tendency.

808. I recollect that the Natives in Bombay came forward a little time ago when there was so much speculation, and invested their silver in almost every undertaking; is this the case in Calcutta?—Only to a certain extent. Considerable sums of money have been made by speculation. For instance, there was much made by speculators in Port Canning shares; but in Calcutta, as a rule, the Natives have not made near so much by speculation as in Bombay.

809. *Mr. Cowie.*—Nor lost so much, I suppose?—No.

810. *The President.*—Have you seen any portion of the people of India under the influence of sudden wealth?—I have not personally come into contact with many such cases, but I have heard of a good many. From my knowledge of my countrymen, I know that if a man from boyhood has been in the habit of spending Rs. 500 a month, and he suddenly finds himself possessed of Rs. 5,000 a month, that his expenses do not increase in the same ratio. In fact, as a rule, his expenses are but little increased, and what he does with his surplus is to hoard it. Some, no doubt, extend their own line of business, and the more wealthy Hindoos give away much money for religious purposes.

811. But owing to the great rise of cotton, many Native cultivators have extended their cultivation, have they not?—Yes, they may have done so, but not in proportion to their gains; they reserve a good lump sum as a stand-by.

812. Take an example: a man makes Rs. 1,000 suddenly by his cotton—what does he do with this money; does he not open out some other branch of trade, or keep a shop, or turn his thoughts to other objects: I have seen cases of this in Bombay?—On this side of India, the Natives run in the same groove, and keep steadily on in the beaten track from which they have been brought up, and I know of few cases where such a practice is carried on in this Presidency.

813. It is believed in Bombay that money has been cheapened because so much has been extracted from the body of the people for speculation, do you think this has been the case in this Presidency to any degree?—Considering the great mania for speculation in Bombay, I dare say it had this effect; but it is certainly not the case here, for the mania for speculation has not been carried to any thing like the same extent here.

814. Do you ever receive orders from zemindars and richer ryots to make investments?—No.

815. Nor from Native princes or Native men of rank?—Very seldom; my business is in the sea-borne trade.

816. Have you ever heard of orders of this sort sent from Delhi or Rajpootana to Bombay when the wealthier Natives heard of the enormous speculation in Bombay?—I have not heard of such orders, but no doubt there have been instances of this.

817. And there is nothing like this here?—No.

818. Some articles of trade have risen enormously, have they not?—Yes, jute, for example, may be cited as an article on which of late years enormous profits have been made.

819. *Mr. Ross.*—Has the *status* of jute cultivators been raised?—Yes, decidedly so, but their expenses have not been raised in proportion to their increased wealth.

820. Food, too, has become dearer?—Yes, all articles of food have risen in price.

821. Have the profits of jute cultivators remained in the hands of the cultivators, or have they gone into the hands of the dealers?—I should say they remain mostly in the hands of the cultivators.

822. *Mr. Dickson.*—The recent great increase in the rates of wages and rise in prices for ordinary articles of consumption render necessary a larger amount of metallic circulation?—Undoubtedly.

823. The greatly enhanced prices of all articles of export also render necessary the use of largely increased amounts of coin?—Clearly so.

824. Turning to the return in your possession, will you state what is the amount of Imports over Exports of the precious metals into India since 1800?—From 1801 to 1864, both years inclusive, the excess of Imports over Exports is £256,013,788. (Appendix XX, page xxxii).

825. Of which at least 60 crores were in gold?—I presume at least that amount. The return is not accurate, in consequence of having a heading for mixed metals.

826. What are the relative proportions of silver and gold coined at the several Mints?—About 5 per cent. of gold; £10,327,932 of gold to £207,542,868 of silver.

827. The yearly amount of mohurs coined prior to 1852, when their reception by Government, in payment of Government dues, was prohibited, appears to have been larger than in subsequent years?—Yes, as per return. (Appendix XXI, page xxxiii).

828. Notwithstanding the fact that gold was not legal tender, nor received by Government, Indian gold coins representing nearly one crore have been struck at the several Mints since 1853?—Yes. From 1854 to 1864 the gold coined in the

Calcutta Mint was	...	...	£938,040
Madras „ „	...	...	*Nil.*
Bombay „ „	...	...	£ 1,833
			£939,873

829. India has long been used to a gold circulation?—Yes.

830. It would not now be distasteful to the people?—No, the introduction of a gold coin would be much appreciated.

831. *The President.*—Are the gold mohurs in circulation liked much by the Natives?—Yes.

832. Do not gold mohurs fetch a higher price in the bazars in the Mofussil than in the Presidency towns?—They fetch, as a rule, a slightly higher price, and it is a paying transaction to send gold from the Presidency towns to the interior.

833. What gold coin do you think the Natives would prefer?—I think an Indian sovereign coined in India would find favor.

834. Valued relatively to the rupee?—Yes.

835. Would coins of the value of 5 and 10 rupees be acceptable?—I think they would.

836. And more acceptable than coins of a larger value?—I think coins of the value of 5 rupees would not remain in circulation, but those of the value of 10 rupees undoubtedly would. I would not complicate the question of the introduction of a gold coin by having too many descriptions of coin.

837. Are coined rupees melted down for ornaments, elephant trappings, and vessels of worship?—Yes.

838. *Mr. Dickson.*—The increased wealth of the people represented by gold and silver when not coined is converted into gold or silver ornaments, and held as a stand-by in times of need?—Yes, not only into ornaments, but also into plate and numerous other articles, which are looked upon as solid investments for times of need.

839. If the choice lay between the adoption of a legal tender Rs. 5 note and a gold piece of the same value, are you of opinion that it would be both more just and politic to introduce the gold piece?—I think it would be more just and politic to introduce the gold coin.

840. The carriage of silver remittances from places at long distances from each other is still attended with great risk and cost?—Certainly.

841. The construction of the trunk lines of railways has, in some measure, lessened the risk of carriage?—Yes, only to a small extent, for robberies on the railway are of frequent occurrence.

842. In the interior, and except along the line of railway, remittances are still sent by boat or by hackeries, and by various other modes of conveyances?—Yes, to a limited extent, business being chiefly done by hoondees.

843. Do Native bankers usually insure such remittances, or do they risk them?—Some risk them, others insure.

844. Since the establishment of centres of circles throughout India, has your attention been called to the fluctuation in the amount of notes represented to be in circulation at several of those centres?—Yes, I have had my attention called to the fluctuations you allude to. (Refers to *Gazette of India,* Appendix XVIII, page xxxii).

845. Can you explain how these fluctuations arose?—I believe by parties availing themselves of the subordinate circle notes for remittances to Presidency circle.

846. As the notes of the various centres are payable at the chief centre of issue in each Presidency, as well as at the place of issue, advantage is taken of the circle notes as a cheap mode of remittance?—Yes.

847. When money is dearer in Calcutta than in Nagpore or in Allahabad, or Lahore, very large remittances are sent to Calcutta?—Yes, I have heard of one Native Firm, Bungsheloll Abheerchand, having recently sent several lakhs of rupees in this manner from Nagpore.

848. The result is that silver is accumulated at the subordinate centres and with drawn from the Head Commissioner of Currency?—Yes, it must be so.

849. By whom are such remittances chiefly made?—By shroffs, bankers, and others.

850. Many of the shroffs have kotees or branches throughout the whole of India?—Yes except in the Madras Presidency.

851. *The President.*—Would there not be a similar result if there was only one note for all this Presideney convertible at Calcutta alone?—This was the case till the institution of the new circles.

852. And did these notes run in the Mofussil?—No.

853. They were a legal tender, were they not?—Yes, but it is impossible to enforce a legal tender unless there is perfect confidence in the note. If this was tried to be enforced everywhere, dealers would combine and raise the price of every commodity. For instance, a dealer would say you may have so much sugar at Rs. 10 per maund if you pay me in silver, but if you choose to pay me in notes, I will take them, but you must pay me Rs. 11. There would be nothing illegal in this, and no action could be brought against a dealer for so acting.

854. Then you are of opinion that out of the Presidency towns there can be no Paper Currency?—Only to a very limited extent.

855. *Mr. Cowie.*—Is it not rather from want of convertibility than want of confidence that the Paper Currency does not answer the original intention?—Of course, easy convertibility would tend to insure confidence, but still with every facility for conversion, my opinion is that confidence in notes can be only gained very slowly. I have sent notes myself to Chittagong, when I was told that they were much wanted there, but this is a rare case, and far from being general.

866. When the Bank of Bengal opened a branch at Dacca, did they not introduce their notes in that district?—Yes, I believe so; but the experiment failed. The same experiment was tried in Mirzapore many years ago without success.

857. *Mr. Dickson.*—You have for weeks together seen advertisements by the Head Commissioner of Currency that large amounts of such circle notes were available to the public?—Yes.

858. *Mr. Ross.*—Some time ago, I mean about 12 or 18 months ago, there was considerable uneasiness felt about the solvency of several shroff houses?—I think that shroffs have not been in such favor as formerly for some time past, and there is not the same confidence felt in them as formerly. They were looked upon (I refer to the old established houses) as built on a rock, and there was no question about their credit; but owing to failures some years ago, the general confidence in them is shaken; but I have heard of no great disfavor lately. Several of the old shroff houses have been closed.

859. *Mr. Dickson.*—Subsequent returns of the Monthly Statement by the Head Commissioner of Currency show that they were not availed of or purchased by the public?—Yes.

860. They were simply used as a mode of making cheap remittances, and were thereafter withdrawn?—Yes.

861. If Government did not require the coin at such centres, was not the cost of the internal exchange thus practically thrown on Government, inasmuch as an amount of silver corresponding to the amount of cancelled notes had to be transferred to the local treasury?—Quite so.

862. Considering the immense number of kotees throughout India, and if such circles were to be multiplied, do not you think that the result would be an increase of such note remittances?—In all likelihood that would be the result.

863. Would not the extension of banking facilities tend to familiarize the people more with the use of a Paper Currency than mere offices of exchange only?—Yes, I think it would.

864. *Mr. Dunlop.*—Have you ever heard of people being refused notes of other circles at the head office of issue in Calcutta?—No. If the Head Commissioner has no notes of other circles at his office he cannot give them. I have a return in my hand showing the amount

of Notes in circulation. (The amount of notes in circulation in the month of February 1866 is given in Appendix XXV, page xxxvii). Now these notes are not in circulation, and it is a misnomer asserting that they are, for I know that upwards of half a million are locked up in the different local treasuries.

865. *Mr. Dickson.*—Generally, are you of opinion that a legal tender Paper Currency which may be well suited to England with a refined system of credit may not be equally acceptable to, or suited to the present usages of, the people of India?—Yes, I am generally of that opinion.

866. *The President.*—Has the circle system been a failure?—Yes, generally speaking, and I think the system will never succeed. In my opinion, if there was only one note for the whole of the Bengal Presidency, convertible, say at Allahabad, the system would answer better.

867. *Mr. Cowie.*—Would not such notes only pass at a discount at another place?—No, I think not. Allahabad is nearly connected by rail with many large centres of trade, such as Mirzapore, Benares, Lucknow, Delhi, &c., and people who possessed these notes would know that they could soon get cash for them by sending to Allahabad. And if the holder was in no hurry for the money, he could more easily keep large amounts in notes than in silver.

(The above concluded the oral evidence).

LETTERS RECEIVED BY THE SECRETARY.

From H. E. JACOMB, ESQ., *for Chief Secretary to Government Bombay, Financial Department, to Secretary to the Currency Commission, Calcutta,—No.* 276, *dated Bombay Castle, the* 15*th March* 1866.

I am directed by His Excellency the Governor in Council to forward, for the information of the Commission, the accompanying copy of a letter from the Bombay Chamber of Commerce, No. 58, dated the 20th ultimo, containing their remarks on a petition for the introduction of a Gold Currency, which was presented to this Government by certain Native firms connected with the cotton trade in this Island.

2. A copy of the petition above referred to appears to have been forwarded to the Commission by the Government of India.*

* Letter from Mr. Secretary Lushington to Bombay Government, No. 769, dated 16th February 1866.

From JAMES TAYLOR, ESQ., *Secretary to Bombay Chamber of Commerce, to Chief Secretary to Government of Bombay,—No.* 58, *dated the* 20*th February* 1866.

1. I am directed by the Committee of Management of the Chamber of Commerce to acknowledge the receipt of your letter, No. 98 of 1866, dated the 29th ultimo, forwarding copy of a petition to His Excellency the Governor in Council from certain Native firms connected with the cotton trade, praying for the introduction of a Gold Currency, and requesting to be favored, for the information of Government, with any remarks the Chamber may have to make on the remedy suggested in the petition for the settlement of this important subject.

2. In reply I am to state that on the general question of the desirability of a Gold Currency for India, this Chamber expressed its opinion in favor of the same in a memorial to the Government of India two years ago, and at that time entered so fully on the general question, that it is not now deemed expedient to recapitulate the arguments urged in support of the proposition.

3. The petition from the Native merchants submitted by Government for the opinion of the Chamber states that the petitioners were suffering severely from the great scarcity of silver coinage, and the consequent high value of money.

That five lakhs of rupees were dispatched daily from Bombay to the cotton districts; that the means at the disposal of Government for coining silver are inadequate to the demand for coined money when large quantities of silver are imported at the periods most advantageous for purchasing cotton, and that they sustained much loss in consequence of this drain on the silver coinage.

They further state that a large amount of Gold Currency could be coined much more rapidly, and could be conveyed to the various districts with greater facility than silver; and they conclude by praying that the English sovereign may be made a legal tender for 10 rupees, that any difficulties connected with this would be of short duration and entail little hardship, while a Gold Currency would, in a great measure, prevent the recurrence of the excessive stringency of the money market such as occurred in 1863, and that from which the mercantile community is now suffering.

4 In reference to the foregoing statements, I am to observe that the convenience of such a coin as the English sovereign in the monetary transactions of this country is now hardly a matter of dispute, but the question of its being made a legal tender in India at the declared value of 10 rupees must be determined on wider and more important considerations than those set forth in the Native merchants' petition

5 The difficulties of the late pressure in Bombay required mainly the application of a mechanical remedy, which it would have been a wise economy on the part of the State to have provided after the warning of the severe pressure for coined rupees at the close of 1863

6 The Committee have reason to believe that at a comparatively small cost to Government, the producing power of the Bombay Mint might be very greatly increased.

7 The absorption of bullion in the interior of India referred to incidentally in the petition, and sometimes publicly lamented over on very unreasonable grounds, is due to social and moral causes, having their root in the habits and customs of the people, which are not removable by merely economical considerations, or by the action of Government.

8. So long as the great body of the people of India retain the belief that the possession of the precious metals constitutes wealth, instead of being merely the symbols of it, while they fail to realize the facts that their own labour and the products of the soil are their only valuable possessions, they will continue to require the rest of the world to pay with silver or gold the balance of the cost of the productions of the country not paid for by the import of other commodities in exchange

9 The social and moral conditions referred to are also, in the opinion of the Committee, the chief causes of the comparative failure thus far of the Government experiment of an issue of paper money which became law in 1861, though it may be found on inquiry by the Commission which, they are glad to see, the Government of India has appointed to report on the working of that measure, that it was rendered to a great extent ineffective by errors of detail, among which may be mentioned the omission in the Act of the proposition of His Excellency Sir Bartle Frere when a Member of the Government of India to make an issue of notes of the value of 5 rupees.

10 The Committee viewed with much interest the notification of the Government of India of the 23rd November 1864, permitting, with the sanction of the Secretary of State, the receipt of sovereigns and half-sovereigns at the treasuries as the equivalent of 10 and 5 rupees respectively

11 The Government of India, however, on a very narrow induction of facts gleaned in a limited experience of three months in Bengal, and apparently without any information as to the effect of the notification in the other Presidencies—for no statistics from these were published—somewhat prematurely, in the respectful opinion of the Committee, recommended that sovereigns should be made a legal tender at 10 rupees

12 The Secretary of State considered that the facts and the papers furnished by the Government of India on this subject did not support its recommendation, and he declined to permit its having legal effect, because the commercial value of the sovereign was proved by the facts adduced to be more than 10 rupees

13 This Chamber is most anxious to see the introduction of the English gold sovereign into the monetary system of India, because it is a coin extremely convenient in itself and most acceptable to the people of India from long experience of its character and value, but the Committee are not prepared to call upon Government in an empirical manner to take steps for declaring the sovereign a legal tender at the exchange of 10 rupees in the face of opposing facts

14. The question, however, in the present advanced stage of discussion, is so much more a matter of scientific arrangement than of mercantile opinion that the Committee respectfully and earnestly recommend His Excellency the Governor in Council to point out to the Government of India that it should receive immediate consideration; and that the Commission appointed to consider the working of the Paper Currency Act should be supplemented to the extent of having two or three gentlemen placed upon it with sufficient knowledge of this branch of the subject to confer and report as to the best method of introducing gold into the currency of the country, and to dispose of the present difficulty in the way of declaring the English gold sovereign a legal tender for 10 rupees.

NOTE on the Paper Currency, by the HON'BLE G. N. TAYLOR, *dated 5th June* 1865, *being the substance of a communication received from* C. RANGACHARLU, ESQ., *Assistant Currency Commissioner at Calicut.*

About the middle of last year, three new branch currency circles were established in the Madras Presidency—at Vizagapatam, Trichinopoly, and Calicut—and at the two latter places, two of our ablest and most experienced Native uncovenanted deputy collectors were placed in charge of the office as assistant currency commissioners. One of them, the Officer at Calicut, in a recent letter to me, made a few suggestions that seem worthy of consideration.

It appears that the paper circulation of the Calicut circle is at present under 2½ lakhs of rupees. This, perhaps, is tolerably fair as a beginning; but as compared with the agricultural wealth of the provinces embraced in the circle, which includes the Nilgiris and the Wynaad, is ridiculously small. A gradual increase may no doubt be expected, but any decided improvement is dependent upon a combination of circumstances which apply more or less to every part of India. So long as the agricultural classes, who represent the main wealth of the country, want money simply or chiefly to hoard or to convert into ornaments, the generae demand will naturally be for coin and not for paper. The more extensive circulation of paper throughout the country must be preceded by a general desire among the agricultural classes for the productive investment of their surplus earnings. The ryots of Southern India, as a body, are a thrifty class, but there are no facilities within their reach for the profitable investment of their savings. Whenever such facilities shall be provided, and are available in all directions, then they will be willing to take notes for their produce instead of money, because paper, as representing capital, will then be required for employment and to lay out to interest. We may then expect that notes will be used extensively as the medium for all, except retail transactions; but till then, the demand for paper in the branch circles will be confined almost entirely to merchants and others requiring it for purposes of remittance.

To meet this want, C. Rangacharlu, the Calicut Assistant Commissioner, suggests the establishment of a local bank in each and every district, to receive deposits from the ryots, and to advance loans to them when required. The branches of the Presidency banks, as at present conducted, do not answer the purpose. Wherever they have been established, their operations are necessarily limited, being chiefly confined to those of the merchants of the particular towns in which they exist. Such banks, he observes, to be really useful should be raised with reference to the local interests of each district, and in order to give them greater stability, the Government should hold certain shares as in the Presidency banks. They should be banks of deposit and loan, and might grant bills upon other places in India for purposes of remittance, but not discount private bills. The loans should be made upon the mortgage of landed property, and on Government securities, and jewels, and other than perishable property. Simple rules might be drawn up by the local management for ascertaining the sufficiency of the landed or other property mortgaged, the want of which has hitherto prevented the

Land Mortgage Company from doing much good. Moreover, companies of so large and general a character, having their place of business at the Presidencies, do not come sufficiently within the reach of the ryots.

The revenue system of Madras, the many responsible officers employed, and the numerous treasuries connected therewith, maintained in each and every taluk, would certainly seem to afford great facilities for the establishment of the banks proposed. They would habituate the people to the principle and practice of banking, and induce a more active employment of agricultural capital; and, at the same time, they would enable the Government to attain to more successful results as regards two fundamental points of the financial system, *viz.*, a wider circulation of the Paper Currency, and greater economy of the cash balances.

Meanwhile, the paper circulation out of the Presidency towns must, from the causes already noted, continue to be limited; and this circumstance will naturally attract enquiry as to the disproportionate cost of the department. The able and experienced officers who have been appointed assistant currency commissioners are not employed as they ought to be. It is submitted that the branch circles ought not to be so many separate circles of issue as merely giving additional facilities for the wider circulation of the paper. The notes are issued upon the credit of the Government of India, and ought, therefore, to be a legal tender throughout the country, and received everywhere in payment of revenue, though absolutely convertible only at certain local offices with the mark of which they were issued, and at the central or Presidency office of issue. Indeed, paper, which is to pass for money, and yet to be a legal tender only in one circle and not in a neighbouring district trading with it, is a serious disadvantage. To enable it to pass without restriction as money, it ought to be accepted as a legal tender throughout British India. People can neither comprehend nor trust in a thing which represents money in one place but not in another, and perhaps a neighbouring district. Government can, of course, define the treasuries at which alone the notes issued from certain branch offices can be absolutely and unconditionally converted into cash. The credit of the Government sustains the paper, and the certainty of its convertibility somewhere is all that is required to prevent an abuse of the system.

Thus, if my native friend's suggestions were adopted, though the paper would be absolutely convertible at certain specified places only, the notes issued from each circle ought practically to be freely received and cashed at every treasury in that circle. The needless restrictions imposed in this respect, he argues, lead to the impression that the Government wishes to retain the coin in its own hands, and to throw the paper upon the people. Now that branch circles are established, there seems no occasion to continue this state of things. If every taluk treasury were freely to receive and give out the currency notes, the course of trade would soon establish a proper relative proportion between notes and cash, and no deficiency of money need be apprehended anywhere; and even if such did occur in any particular treasury, it could be easily met by remittances from the central office of issue, where notes can be exchanged for money. The central office of each circle is conveniently situated for such occasional reliefs to the districts included in the circle, while the surplus revenue of those districts, through the note circulation, would all go to the central office of issue, thus obviating the necessity of remittance of specie, and could from each such circle be conveniently remitted to Madras or other Presidency. The Collector's Treasury at the head quarters of the branch circle of issue would be the principal treasury, as it were, to afford relief to the other treasuries in the circle whenever required, to receive their surplus revenue through the note circulation, and remit it to the Presidency.

In order to secure successful management of the system above sketched out, it would be desirable that the principal treasury should be under the Currency Deputy Commissioner, or Assistant Commissioner, and to this there would be no objection, because the Collector is the Deputy Commissioner. The Assistant Commissioner would then take charge of the general business of the treasury in addition to the currency work, and, in some measure, regulate the

transactions of the other treasuries in the circle under the orders of the Accountant General. By this arrangement, the salary of a deputy collector would be saved in each district where the head quarters of a branch currency circle is established. A considerable portion of the salary of the assistant commissioner would then be chargeable to the Revenue Department of the district—a portion would go to general finance, and a portion to currency.

From H. E. JACOMB, ESQ., *Under Secretary to Government of Bombay, Revenue Department, to the Secretary to the Currency Commission, Calcutta,—No.* 251, *dated the* 10*th March* 1866.

I am directed by His Excellency the Governor in Council to forward, for the information of the Commission, the accompanying copy of a Circular, No. 226, dated the 5th instant, issued on the subject of your letter dated the 16th ultimo.

From F. S. CHAPMAN, ESQ., *Chief Secretary to Government, Financial Department, to the Secretary to the Chamber of Commerce, Bombay,—No.* 226, *dated the* 5*th March* 1866.

I am directed to forward, for the information of the Chamber of Commerce, the accompanying copy of a Circular, dated the 16th ultimo, from the Commission constituted, under the orders of His Excellency the Governor General in Council, for the purpose of enquiring into the operations of Act XIX of 1861, "to provide for a Government Paper Currency," and to request that the Commission may be favored at an early date with an expression of the views of the Chamber on the several points therein noticed.

2. I am desired to request that you will have the goodness to forward your reply direct to the address of the Secretary to the above Commission, sending a copy to me for the information of this Government.

Ordered, that a similar letter be addressed to the Bombay Association, and to the following Agents and Managers of the Chartered Banks:—

The Secretary and Treasurer, Bank of Bombay.
The Manager of the Agra and Masterman's Bank.
The Agent to the Asiatic Banking Corporation.
The Agent to the Chartered Bank of India, Australia, and China.
The Manager of the Chartered Mercantile Bank of India, London, and China.
The Agent to the Commercial Bank Corporation of India and the East.
The Agent to the Oriental Bank Corporation.
Robert Hannay, Esq., Chairman of the Bank of Bombay.

Ordered also, that a copy of the above be sent to all Collectors, with an intimation that they are to consider themselves as addressed by the Circular, and should, therefore, reply in their own names, and not leave the replies to their Deputies. The Collectors themselves will be held responsible for the accuracy of the information, which should be forwarded with the least possible delay.

From LIEUT. COLONEL J. A. BALLARD, C. B., *Officiating Head Commissioner of Paper Currency, to Secretary to the Currency Commission, Calcutta,—No.* 644, *dated the* 10*th March* 1866.

In reply to your demi-official of the 8th instant to Dr. Shekleton, I beg to forward replies to the questions asked by you regarding the currency note circulation.

Question 1*st.*—What has been the highest amount of the note circulation for all India, what has been the lowest since that time, and during what months this was the case?

Answer 1*st.*—Highest circulation, Rs. 9,36,21,750, was on 23rd September 1865. Lowest circulation since then was on 7th February 1866, Rs. 7,03,54,440.

Question 2nd.—At each of these times, what was the amount of notes of other circles held at the Presidency towns?

Answer 2nd—On 23rd September 1865 notes of other circles held—

	Rs	Rs
At Calcutta were—		
Allahabad notes	1,91,880	
Lahore „	69,380	
Nagpore „ ..	10,09,310	
		12,70,570
At Madras—		
Calicut notes .. / Trichinopoly „ / Vizagapatam „		1,50,000
At Bombay—		
Kurrachee notes		12,00,000
On 7th February 1866—		
At Calcutta—		
Allahabad notes	1,68,550	
Lahore „	18,80,900	
Nagpore „	61,460	
		21,10,910
At Madras		None
At Bombay—		
Kurrachee notes		5,200

Question 3rd—What was the amount at each of these times of the silver coin reserve held at the several offices of issue?

Answer 3rd—Silver Coin reserve on 23rd September 1865, Rs 3,73,49,684, besides Rs 26,20,570, notes of other circles.

Ditto on 7th February 1866, Rs 1,67,95,798, besides Rs. 21,16,110 notes of other circles

Question 4th.—What was the amount of silver bullion reserve held at the Calcutta Mint when the silver coin reserve was at its lowest, and what was the out-turn of the Mint each day after that, say for the following ten days?

Answer 4th—In Calcutta the minimum coin reserve was Rs 7,91,951 on the 19th January 1866, with a reserve of Rs 1,03,00,000 in bullion, and Rs. 16,37,520 in notes of other circles, notes in circulation being Rs 2,81,99,490

Out-turn of Mint during ten following days was as under—

	Rs
January 20th	4,54,000
22nd	4,50,000
23rd	4,58,000
24th	4,58,000
25th	4,58,000
26th	4,58,000
27th	5,02,000
29th	4,72,000
30th	4,60,000
31st	4,64,000

Question 5th.—The different times that Government securities have been purchased, the amount at each time, and the amount of the note circulation at that time?

Answer 5th.—Government securities purchased on—

	Value.	Note circulation.
	Rs.	Rs.
1862, April 30th	40,00,779	4,10,00,000
„ May 22nd	3,48,082	4,13,00,000
„ Nov. 29th	23,75,719	4,49,00,000
1863, June 30th	21,00,000	5,09,00,000
„ July 31st	81,173	5,11,00,000
„ Aug. 15th	6,38,325	5,16,00,000
„ Oct. 23rd	15,00,000	5,65,00,000
„ Nov. 7th	12,00,000	5,64,00,000
„ „ 14th	33,00,000	5,50,00,000
„ „ 22nd	32,21,667	5,38,00,000
„ „ 30th	4,49,984	5,16,00,000
„ Dec. 15th	93,364	5,16,00,000
„ „ 22nd	1,35,470	5,20,00,000
„ „ 29th	6,32,569	5,11,00,000
1864, March 8th	35,43,958	5,08,00,000
„ April 2nd	12,51,697	5,35,00,000
„ „ 23rd	50,00,000	5,66,00,000
„ „ 30th	1,44,199	5,68,00,000
„ May 14th	3,78,025	5,83,11,320
1865, Jan. 21st	53,50,163	7,39,89,830
„ April 22nd	191	7,52,24,440
„ May 6th	40,56,596	7,65,78,080
„ Sep. 9th*	570	8,91,53,580
	3,98,02,531	

Question 6th.—The highest amount of sovereigns that have been held, specifying where held?

Answer 6th.—The maximum amount of sovereigns, Rs. 29,03,420, was held at Calcutta on 2nd September 1865.

Question 7th.—By what class of people are the notes of other circles sent to the Presidency town, and by whom are they again taken out (I wish especially to know if European banks have been in the habit of remitting these to their constituents)?

Answer 7th.—The class of people who deal in notes of other circles connected with Calcutta and Madras circles is unknown, except as regards Nagpore notes, which are mostly used as remittances by Marwaree mahajuns.

The European banks use Kurrachee circle notes largely for remittance.

Question 8th.—I see by the Return of the 5th of March that there are Lahore notes to the value of Rs. 17,54,010 held at the head office. How is this? I should have thought that these would be wanted to remit up-country in payment of produce.—What are the denomination of these notes?

Answer 8th.—Lahore notes held at Calcutta on the 28th February 1866 were as follows:—

							Rs.
10	Rupee pieces	...	5,090,	...	value	...	50,900
20	„ „	...	4,333	...	„	...	86,660
50	„ „	...	4,425	...	„	...	2,21,250
100	„ „	...	6,407	...	„	...	6,40,700
500	„ „	...	1,139	...	„	...	5,69,500
1,000	„ „	...	185	...	„	...	1,85,000
	Total pieces	...	21,579,	...	Total value	...	17,54,010

Of these, 10 lakhs of notes have been cancelled here for a Government remittance to Lahore.

From HENRY RIVETT-CARNAC, ESQ., *to the Secretary to the Currency Commission,—dated the 24th March* 1866.

The following suggestion for an improvement in the manufacture of currency notes may perhaps be considered by your Commission to be worthy of attention.

The notes of various denominations, now in use, are so much alike that there is a continual danger of mistakes being made in paying out a note of large value where a small sum only is required.

This is guarded against abroad, where paper money is so largely used, by the adoption of a different color and often a different design for each denomination of note, and thus a traveller with a pocket-book full of notes has no difficulty in picking out 5 thalers, and there is but little chance of his paying away a 5-thaler note instead of a 1-thaler note when the difference between the two can be detected at a glance, the one being red, the other white.

I would strongly recommend that this plan be followed in manufacturing our currency notes, and that a different color be assigned to, and a different design adopted for each denomination of note.

The arrangement would prove a great convenience to the public of all classes.

As regards the Natives, if it is desired that currency notes should circulate largely and freely amongst them, then I am convinced that the adoption of some plan such as has been suggested above is necessary.

A not very intelligent Native not unnaturally finds it rather hard to understand that of two notes which resemble one another very closely, the one is worth Rs. 10, the other Rs. 100.

They are very much accustomed to recognise the difference in the quality and value of articles which they purchase by marks, and the labels on English piece goods are often carefully examined by purchasers at all of the large fairs or markets—the label being taken as a guarantee of the quality, and names being given to the different sorts of cloths from the marks or design borne on the label.

To a Native it would appear the reverse of consistent that a note for Rs. 100 should be of elaborate design on say red paper, and that a 10-rupee note should be on white paper, and modest in appearance, &c., set up.

The arrangement, indeed, is one that has universally been adopted for postage stamps, and is as necessary by the way for stamp paper as it is for notes. I have brought the subject to the notice of the Superintendent of Stamps.

From P. SAUNDERS, ESQ.,* *to the Secretary to the Currency Commission,—dated the 25th April* 1866.

As requested, I will give you my views in writing regarding the currency question.

From my long experience in India, and knowledge of the character of the Natives, as also from seeing the working of currency notes in the different circles of the North-West, Bengal, &c., I have no hesitation in saying that the currency notes are a failure, in so far as fulfilling the original intention of acting as a large substitute for silver, and supplying the great and constantly increasing demands of commerce. The Natives of India have little faith in notes, and get rid of them as quick as they can. The Native bankers take advantage of this want of confidence, and invariably charge a discount to cash notes. It may be replied that silver can be obtained for notes at the different treasuries of the circles; but the distances from such treasuries are frequently very great, and the applicant for change has often to wait one or two days before he can get silver. In many parts of Assam, Cachar, Bengal generally, Tirhoot, Oudh, &c., the recipient of a 1,000-rupee note would not obtain silver from a treasury under five, six, and even eight days. He prefers, therefore, paying a discount to his mahajun and getting his money at once. This does not make the legal tender of a currency note at all popular. It is the same with the smaller denomination of notes in the distant bazars. I have heard it asserted that Mr. Wilson based the success of his measure of introducing currency notes to its being carried out *only* in its entirety. Part of his measure was to issue 5-rupee notes, which never have been issued. But my opinion is, and I record it with great deference, that the issue of 5-rupee notes would have made the measure vastly more unpopular, as the circulation would have reached the very large class of Indian laborers who now earn Rs. 5 a month. If paid in these notes, the laborers would assuredly have had to pay a heavy discount to their mahajuns or bunyas to change them.

Again, the division of the currency notes into circles has added to their unpopularity. A note current in Bengal is not current in Oudh or the North-West, and this restriction of notes to circles has been enforced with such strictness by the officers of Government, that I can state from my own experience that currency notes of Bengal have been refused at the treasuries in Oud in payment of waste lands. My agents, Messrs. Jardine, Skinner and Co., sent to Luckhimpore Rs. 1,780 in Bengal currency notes to pay an instalment of a purchase of waste land, and these notes were refused by the Deputy Commissioner of Luckhimpore. They were changed at as high a discount as a sight draft on Calcutta, either 2½ or 3 per cent. The Natives stand aghast at seeing the Government refuse their own dotes in payment of lands which have lain worthless for centuries, and whose value even now under European management is very questionable.

Again, the want of confidence in the postal establishments and constant losses of notes are productive of another great inconvenience. Remittances cannot be made with safety except by dividing the notes, and waiting to hear of the arrival of the first halves before remitting the second. When the distances are great (as to the tea countries of Eastern Bengal), the delays extend some times over a month.

For these reasons (and others I could adduce), I think a Paper Currency entirely unsuited for the people of this country, and very unsuccessful in supplementing the circulating medium required for its vast commerce.

The remedy, then, is to introduce another circulating medium that will be portable, valued by the people of India, and sufficient to supply the wants of commerce, and there can be no doubt that a Gold Currency will fulfil all these conditions. With regard to the Natives of India, there is no form of wealth which they hold in higher estimation than gold. On this point, I believe, the Commission will scarcely find one dissentient voice, and the only difference of opinion will be in what form we ought to make gold a legal tender. I have heard all the arguments for making the English and Australian sovereigns legal tenders at Rs. 10

* This gentleman being too unwell to give oral evidence before the Commission has kindly sent me the following letter. Mr. Saunders has been many years in India, and has had good practical knowledge of the working of the Paper Currency.—DENZIL R. ONSLOW, *Secretary.*

each, or at Rs. 10-4 each, or for coining an Indian gold sovereign of the exact value of Rs. 10. I do not see why both forms of legal tender should not be adopted—the English and Australian sovereigns at Rs. 10-4, but the one which I would consider most desirable would be an Indian sovereign of the exact value of Rs. 10. India is not a colony, but an empire. Her Majesty the Queen has been proclaimed empress of Hindoostan. India has her own Secretary of State; her local Army (not yet extinguished); her own silver coinage, and I see no reason why she should not have her own gold coinage. An Indian sovereign, too, would not be liable either to be exported or to be fused in the melting pot. We should then have what we require—a portable coin, highly popular—which would circulate readily through the country, and in conjunction with silver supply the circulating medium for a commerce, the extent of which it is difficult at this time to estimate.

From Secretary, Bombay Chamber of Commerce,—dated the 8th May 1866.

With reference to the Circular issued by the Commission appointed by the Government of India for the purpose of inquiring into the operations of Act XIX of 1861, "to provide for a Government Paper Currency"—received by this Chamber through the Government of Bombay, I am now directed by the Committee of Management to hand you, herewith, the answers given by the Bombay Chamber of Commerce to the questions contained in the Circular referred to, in so far as these questions have a public bearing. Several of them, I am to observe, are of a special character, intended, apparently, for public servants in charge of treasuries, to which, of course, no answers from the Chamber could be given.

Replies by the Bombay Chamber of Commerce to the questions contained in the Circular from the Government of India on the working of Act XIX of 1861, *providing for a Government Paper Currency.*

No. 1.—They are in Bombay and its vicinity, and even as far as Poona; they are passed readily; but, generally speaking, currency notes for trade purposes are not more readily convertible in the Mofussil than hoondees; they are only exchangeable at a discount, and then but for small amounts.

No. 2.—The principal cause of depreciation is the want of treasuries, where the notes can be converted into cash on presentation, and the preference of the Natives for rupees, and their inability to appreciate the convenience of a currency which does not in itself possess any inherent value. The rate of discount on currency notes varies in different districts, and depends very much on the seasons.

No. 3.—Beyond the centres of issue in the various circles, officers in charge of treasuries will only cash notes for travellers.

Nos. 4, 5, 6, 7, 8, and 9.—These facilities are totally inadequate for the purposes of trade Until the means of communication between the Presidency towns and the centres of trade throughout India are more perfect than is the case at present, the arrangement of circles seems the only practicable method of working a Paper Currency. The circles should not be increased in number, but the establishment of offices of sub-issue at the chief local treasuries within each circle, where cotes would be convertible on demand, would be the best means of extending the currency and accustoming the people to its use. An universal cote would be a public advantage, but, under present circumstances, it is impracticable, and any premature attempt on the part of Government to introduce it would probably be attended with serious risk and loss. The introduction of a note of the value of 5 rupees would be a great improvement on the present system; it would largely assist in extending a Paper Currency in the districts, by permitting the use of notes in the payment of wages, and in the settlement of the small transactions of the great body of the people. A note of this denomination has been long and most successfully introduced in Ceylon by the Chartered Banks, who find that these notes have a wider issue, and remain longer in circulation than notes of greater value.

No. 10.—Yes, they are largely used for this purpose.

No. 11.—As a rule, this is, no doubt, the case, though there may be occasional exceptions.

No. 12.—Yes, when they can purchase notes at a rate of discount that will give a profit on such operations.

No. 13.—Yes, there is no doubt they do, and the inducements are the saving of bill stamps, and the note being payable on demand.

No. 17.—As a regards the Bombay Presidency, gold mohurs are not in circulation.

No. 18.—The price of the English sovereign in Bombay varies from Rs 10-2 to Rs. 10-4, but they are in small demand, and are mainly required for the use of overland travellers. They are not in use in the Mofussil districts.

No. 19.—The value of the Australian sovereign in the Bombay bazars is generally Rs. 10.

Nos. 20 and 21.—The sovereigns, English and Australian, are generally sold in the Mofussil at a trifling premium. The risks in transit and other charges, besides the fact of their being mainly used in retail transactions, sufficiently account for this.

No. 22.—They are certainly fond of gold for the purposes of hoarding and ornaments.

No. 23.—The Natives would undoubtedly like a Gold Currency, and have repeatedly expressed themselves to this effect.

No. 24.—There is no doubt that gold coins of the description mentioned would be preferred in the Mofussil.

Nos 25. and 26.—A gold coinage would undoubtedly assist the introduction of a Paper Currency, by enabling Government to extend the facilities for cashing notes at outlying treasuries.

No. 27.—Shroffs and dealers would prefer to see a Gold Currency added to the present system.

No. 28.—Bar gold circulates in Bombay and the Mofussil merely as an article of merchandise, and its purity is guaranteed by the stamps of the various banks which import it.

Nos. 29, 30, 31, and 32.—Native gold mohurs are not current in this neighbourhood, and are rarely seen except as articles of curiosity.

Extract from a letter No. 1, dated 10th May 1866, from the Assistant Commissioner of Paper Currency, Lahore, to the Head Commissioner of Paper Currency, Calcutta.

The total issue of currency notes during the year amounted to Rs. 64,18,130, and those paid in to Rs. 40,05,380, thus leaving notes valued at Rs. 27,36,220 in circulation; the average daily transactions being 249 notes, valued at Rs. 23,423. It has, however, been ascertained from the Accountant General, Punjab, that the amount of Rs. 27,36,220 was not actually out in circulation, as the large sum of Rs. 13,91,210 was in stock on the 1st April in the district treasuries, and the notes with the public were on that date only Rs. 13,45,010.

During the months from May to October 1865, there was an increase of Rs. 21,75,490, and from that time to April 1866 a decrease of Rs. 19,99,340. I can only account for this large demand for coin owing to the depressed state of the money market, and also owing to hoondees being at a high premium last year, whereas this year they are at a discount, which also establishes the fact that the currency is almost entirely used for the purpose of remittances.

	Rs.
May circulation ...	25,60,070
October 1865 do. ...	47,35,560
Increase .. Rs.	21,75,490
October circulation	47,35,560
April 1866 do. ..	27,36,220
Decrease ... Rs.	19,99,340

Our largest transactions are with mahajuns and bankers, and to a limited extent with military pay offices and railway departments. Private parties

rarely take the notes owing to the difficulty that is experienced in cashing them at a distance from the head office, and the rural population in the districts will not receive them at all, and are quite ignorant of their use. Thus the currency, as constituted, does not benefit the public at large, but is made a convenience of chiefly by bankers, when it suits their purpose.

(True extract)

(Signed) J. A. BALLARD,

Offg. Head Commissioner.

No. 35, dated 25th May 1866.

Forwarded, for information, to Secretary to Government.

No. 952.

Ordered, that a copy of the foregoing be sent to the Currency Commission.

FINANCIAL DEPARTMENT; SIMLA, *The 11th June* 1866.

(Signed) J. E. COOKE,

Asst. Secy. to the Govt. of India.

From the Secretary to the Government of the North-Western Provinces,—dated Nynee Tal, the 31st May 1866.

I am directed to acknowledge the receipt of your letter dated the 16th February last, in which the opinion of this Government is invited as to the operation of Act XIX of 1861, "to provide for a Government Paper Currency."

2. The Hon'ble the Lieutenant Governor desires me to express his regret that other calls upon his time have prevented the transmission of an earlier reply to this reference; but matters of fact have been already reported upon by the local officers, and His Honor's opinions on the subject of the Paper Currency are already well known to some of the Members of the Commission as being generally in accordance with those expressed by Mr. Laing in his Minutes recorded in May 1862.

3. Unfortunately, the Secretary of State for India, looking at the subject from an English point of view, and misapprehending the position of the Bank of Bengal in the interior of the country, where it was almost entirely dependent upon its connection with the Government, objected to the measures which had been proposed, with every prospect of success, for the establishment of one uniform note for the whole Presidency; and Sir C. Trevelyan, maintaining the same views, the retrograde policy has been adopted of minor circles, and withdrawal from connection with the Bank, and the circulation of the notes has been pretty much left to itself, if not deliberatetly checked, owing to want of practical knowledge of the subject on the part of the agency employed.

4. The result has been, as was anticipated, that the difficulties which have attended the experiment of introducing a Paper Currency into India, and which in themselves was serious enough, have been greatly increased; and the only palliative that His Honor can suggest is a recurrence to the principles, if not to the precise mode of action (which would not now be practicable) originally recommended.

5. Besides the ordinary obstacles to the acceptance of a Paper Currency in a country like India, such as the perishable nature of the material of which it is composed, the ignorance of the people, their prejudice against any novelty, and their natural distrust, the main difficulties, which are of our own creation, are the absence of facilities for immediate convertibility at par, and of independent testimony to the credit of the notes which would counteract the prejudice excited by interested parties against them. Time is required to remove the former class of difficulties—the latter may more easily be remedied

6. The extent to which custom influences an ignorant population was strikingly exemplified by the comparative readiness with which the Government Paper Currency was accepted in the adjoining districts of Behar and the North-Western Provinces, as shown in the transactions of the branches of the Bank of Bengal at Patna and Mirzapore; in the former, where the notes of the Bank of Bengal had partially circulated for nearly half a century, the Government notes were readily adopted; at Mirzapore, where they had been unknown, the Government circulation was almost *nil*, and the Commission will probably find circumstances much the same at the present moment.

7. No place perhaps in India presents a more interesting field for studying the subject of the currency than Mirzapore. It is a great commercial entrepôt, where the necessity of having some fixed circulating medium to represent large amounts of coin had led to the rude device, as noticed by Mr. Wilson, of sealed bags supposed to contain Rs. 1,000 each, which, to the extent of six lakhs of rupees, constituted the circulating medium of the mercantile community.

8. Nowhere, it was argued, and apparently on the best grounds, would a Paper Currency of assured credit be so readily introduced and take root. But what has been the result? On enquiry during a recent visit to the place, the Lieutenant Governor found the selfsame system of the sealed bags still in use, uninfluenced by the action of the Government Paper Currency; and His Honor was assured by one of the leading Native bankers that so strong was the force of habit that until these bags of rupees were bought up by Government, they would not be displaced.

9. Such a measure was proposed about four years ago, and at one time the Agent of the Bank of Bengal had got the whole of these bags into his hands temporarily; but it was doubted whether the purchase would not lead to a fresh supply (though the Lieutenant Governor was assured this would not now be the case), and it was believed that the Paper Currency would of itself gradually supersede this cumbrous system; the result has, however, belied the expectation, and the experiment might now, His Honor thinks, be tried with advantage.

10. Extended facilities for conversion are what is most needed for promoting the circulation of notes.

11. The Lieutenant Governor thinks that, as an experimental measure, treasury officers generally might be directed to cash on demand, at their discretion, all notes of lower denomination than Rs. 100, and of every circle, care being taken that proper lists of lost or stolen notes were regularly circulated to every treasury officer by entry in the *Official Gazettes*. His Honor believes this might be done with perfect safety; but a very brief trial would show whether it would be productive of inconvenience, and, if necessary, the accommodation could be at once withdrawn: it could never be claimed as a right.

12. As regards a Gold Currency, the Lieutenant Governor is of opinion that, with a Paper Currency for higher values, it is not required as a currency; but he believes, however, that a gold coin of the value of Rs. 10 or Rs. 5 would be popular. It should not be made legal tender, but might be received freely in payment of demands at Government treasuries, the difficulty which has hitherto been experienced in regard to its re-issue being met by providing that notes should always be cashed at the discretion of the treasury officer in gold, in lieu of silver, of which due notice should be given to the public.

13. It is probable that the risk incurred by making remittances in notes through the Post Office will gradually check the inclination to employ them for this purpose, and thus diminish the hostility of Native bankers who fancy they will interfere with their bills of exchange operations; but increased accommodation should be provided for the public by an extension of the money order system. Sovereigns should be received at par with the Indian coin of similar value as re-issued in exchange for notes.

14. I am to add that the Lieutenant Governor is opposed to the introduction of a 5-rupee note, as calculated to bring down the currency to too low a class of the people; a 5-rupee gold coin would, in his opinion, be much more useful.

From C. ROBERTSON, ESQ., *Officiating Junior Secretary to the Government of the North-Western Provinces, to Secretary to the Currency Commission, Simla,—No.* 339 *A, dated Nynee Tal, the 2nd June* 1866.

1. In continuation of letter, No. 333 A, dated 31st ultimo, I am directed to forward, for the information of the Commission, the accompanying copy of a letter from the Officiating Secretary to the Board of Revenue, North-Western Provinces, communicating the views of the Board, and a Note drawn up by Mr. Plowden, their Secretary, on the operations of the Paper Currency Act XIX of 1861.

2. I am desired to state that these papers were not received till after the Lieutenant Gov ernor had written the remarks on the subject of the Paper Currency, which have already been communicated to you.

3. I am to observe that the subject has been intelligently and well discussed in Mr. Plowden's note, which accords, generally speaking, very closely with the views His Honor entertains.

4. Among the questions upon which the Lieutenant Governor differs are (it will be observed) the propriety of introducing a 5-rupee note and of facilitating the use of the Paper Currency for purposes of remittance.

5. The remarks of the Junior Member of the Board are deserving of attention. The four first remarks may be readily concurred in. In the 5th and 8th Mr. Cust supports the use of the Paper Currency for purposes of remittance by post, in which His Honor thinks he is mistaken. Bills of exchange are much better suited for remittance purposes, and it is on every account to the interest of Government to discourage large transactions of this kind through the Post Office.

6. As regards the 7th remark, it is to be observed that it has been the desire of Government to abstain from all appearance of pressing the introduction of the Paper Currency, and for this reason nothing has been done in the way of direct promotion of the circulation.

Copy of the foregoing and of the previous letter to the Secretary to the Currency Commission forwarded for the information of the Board of Revenue, North-Western Provinces.

From J. D. SANDFORD, ESQ., B. A., *Officiating Secretary to the Board of Revenue, North-Western Provinces, to Secretary to the Government of the North-Western Provinces,—No.* 60, *dated Allahabad, the* 18*th May* 1866.

I am directed to acknowledge the receipt of your letter, No. 143 A, dated 2nd March last, and in reply to submit, for the consideration of His Honor the Lieutenant Governor, a note drawn up by the Secretary to the Board, Mr. W. C. Plowden, on the operation of the Paper Currency Act (XIX of 1861), together with a translation of the answers obtained from the leading bankers in Allahabad to the questions in the Circular issued by the Secretary to the Currency Commission.

2. The Senior Member desires me to state his concurrence generally in the views expressed in the note, and to record his acknowledgments to Mr. Plowden for the labor he has successfully bestowed on the question.

3. The Junior Member instructs me to say that he cannot, as at present informed, agree n much that has been urged by the Secretary, and that owing to his absence of two years from the Upper Provinces, he is not in a position to form any *practical* opinion. He ventures, however, *apriori*, to remark—

I.—That the very novelty of the idea of a legal paper tender requires to be worn off before the Natives will adopt it; that it is too early to condemn, almost too early to form an opinion.

II.—That the neighbourhood of independent Native States has to be considered. The Government coin *does* find currency everywhere for its intrinsic value. The Government note is waste paper beyond our frontier.

III.—The destructibility of the note has to be taken into consideration with reference to the simplicity of Native habits.

IV.—If magisterial officers are in the habit, at this early stage of Paper Currency, of following up the track of stolen paper with judicious rigour, no wonder that the currency is unpopular.

V.—If the Post Office is, as asserted (with what truth it cannot be said), so notoriously untrustworthy, no wonder that half the advantage of a Paper Currency is not appreciated.

VI.—Have any pains been taken by articles in the Native papers, by the circulation of judicious papers to the leading merchants, to explain in popular language the advantage of a Paper Currency?

VII.—Do the European, Armenian, and Eurasian members of the community, engaged in agriculture and commerce, make use of notes? The use of a highly civilized medium of exchange must extend downwards: credit is a plant of very slow growth.

VIII.—Has the Government withdrawn from all banking transactions and done away with the system of private treasury drafts, pointing out to their servants that a Paper Currency should supply all their legitimate remittance wants?—If it has not done so, it is one of the greatest rivals to its own Paper Currency.

IX.—Do the Public Works and Commissariat Departments, in dealing with their contractors and subordinates, make use of notes so as to relieve the treasuries of exchange transactions?

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1. The questions that have been put by the Currency Commission open up a wide field of discussion, and to give comprehensive answers to each and to all of them *seriatim* would involve so much repetition that in the accompanying memorandum I have endeavoured to summarize concisely and yet to treat broadly the arguments which crop up in replying to the questions contained in the Circular forwarded to the Board by Government.

2. At the same time I append a translation of the replies which I received from the leading bankers and bullion dealers of Allahabad, when they discussed with me the several questions to which their replies relate.

3. In the case before the Board the limits to which discussions regarding theories of currency (as applicable to India) are likely to extend, have been somewhat circumscribed by the fact that the Currency Committee sits with the prime object of considering in what manner a Paper Currency system can be framed and regulated so as to be adapted to the wants and commerce of the country. The vexed question of gold *versus* paper occupies only a subordinate position.

But the question presented even in this limited form is one of comprehensive scope, and I fear lest the following note should be deemed prolix. I have endeavoured, however, to curtail it as much as is in my power.

4. Putting aside those questions which relate to matters of mercantile usage, to the market value of the different gold coins or the currency of gold in different shapes, and to the practice of the Government treasuries, the enquiries put by the Commission are of two kinds :—

1st.—As to the success or otherwise of the present currency system, and the causes which have brought about these results.

2nd.—As to the mode of improving the present system, and the grounds on which any alterations recommended might be held to be improvements.

5. There are also two questions, 25 and 26, which refer to gold as supplementary and auxiliary to a Paper Currency. But these are questions which can be treated separately without inconvenience. Commencing then with the first class of questions, I think there will be no opposition to the assumption that I start with, *viz.*, that so far as it has hitherto been tried, the Paper Currency system of India has been virtually a failure. Our currency notes are no more money in the correct sense of the term than a French Assignat in the last century, or an American Greenback in the present.

6. They vary in value in different places, and at the same place at different times and in different circumstances. They are little used except in the Presidency towns and their neighbourhood; at the head quarters of subordinate circles of issue, or by travellers. Their circulation is thus confined within very circumscribed limits, and they are not generally received at their full value in private monetary transactions. The first question put by the Commission may in fact be answered with a decided negative. Government currency notes are not readily received and paid away by the community at their full value.

In the towns of issue the wealthier merchants receive currency notes at par readily enough in payment of debts due to them, but they will not take notes at par in exchange for coin. The less wealthy men and the retail dealers, on the other hand, even in the towns of issue, will not receive notes at par in payment of debts due to them unless compelled to do so, and I doubt very much whether any of the lower order are sufficiently well aware of the attributes that have been attached by law to currency notes to be in a position to compel their creditors to take payment in them at par. After saying this, it is hardly necessary to add that the retail dealers will not exchange silver for notes at par.

It is not at first sight easy to understand this unwillingness on the part of large bankers and dealers to exchange at par silver for notes at the towns of issue. It would seem immaterial to a man with an extensive business whether his Rs. 100 is in silver or in paper, which will always exchange for the same amount of silver at the adjoining treasury. It is the old story of Sir R. Peel and his opponents (Colonel Torrens and Mr. Newdegate) who urged that convertible paper could be depreciated in relation to gold. The reply was conclusive :—

"Suppose you have depreciated your paper and your paper still remains convertible into "gold, do you think that every man who had a right to insist upon receiving 5 sovereigns for "his £5 note would not immediately insist upon that right the moment he found that gold "was more valuable than paper."

But it does not strike the Native in the same light as it strikes the European mind. The bankers urge as a tangible reason for refusing to receive paper at par in exchange for silver, that paper money is less easy to preserve than silver, and that they cannot make use of their paper money in small transactions without sending it to the place of issue to be exchanged.

The first objection would seem to be fallacious in fact. But from what I have heard Natives say, I am inclined to think it has force. An instance was brought to my notice in support of this objection, where a goat ate up a 100-rupee note; of course such a case as this must be taken as altogether exceptional, but it may be, and probably is, the case that the

habits of Natives of this country and their mode of living make it less easy for them to preserve paper than silver; at the same time owing to the much smaller scale of their operations two of the chief advantages of a Paper Currency, *viz.*, the small compass it occupies and the facility it affords for transferring large sums of money expeditiously, have little weight with the mercantile men of these provinces.

I have heard much stress laid upon the second objection I have noticed; and the practice in regard to the payment of hoondees has been particularly and unfavorably contrasted with the necessity that lies upon the holder of a currency note of presenting it for payment at the place of issue.

The holder of a hoondee is said to be in a better position than the holder of a currency note in so far that the acceptor of the former is bound to send the cash due on the hoondee to the payee's house.

Another cause brought forward to account for the general indisposition of traders, whether large or small, to exchange silver for notes without exacting something as the price to be paid for such an exchange is the difficulty which the Mofussil merchants experience in asserting whether the notes so exchanged have been honestly come by or not. It is alleged that in case a stolen note should be so exchanged, though exchanged for value over the counter, the banker receiving it might be accused of theft, or of complicity in crime, and would, at all events, be put to inconvenience. If the papers are to be believed, a case in illustration of the force of this objection occurred only a few weeks ago at Delhi.

The bankers also complain, and with justice, of the postal arrangements as hindering the circulation of notes. It is quite clear that if the post could be relied on, remittances would always be effected by currency notes in those cases where the exchange was unfavorable to the town whence the remittance was made. It must be understood that I speak now only of towns within the same circle of issue. But the bankers complain that the post is not to be trusted, even if they register their letters and take the precaution of sending the notes in halves in separate envelopes, and should the halves in either case be stolen, though the holders can obtain duplicates, they can only do so after going through a tedious procedure of advertizing and supplying security, while the interest that they lose in the meanwhile is, on a large sum, something considerable. In the case of small notes too the charges of advertizement and stamp are very heavy.

Whatever force these objections may have, the fact remains that the Government currency notes do not circulate with facility even in the very towns where they are issued, much less in other places. We come then to the second class of questions in regard to the mode in which the present system may be amended, and in discussing this portion of the subject, we shall be able conveniently to notice the causes which have practically brought about the results already pointed out.

The defects in the present system are not difficult to discern. But it is by no means easy to suggest the remedy which should be adopted in each instance.

It will not be denied, for example, that a note which should have been legal tender throughout the country would have been preferable to those we now have in circulation, whose character as money is confined within certain arbitrary limits constituting a circle of issue. A note that should be legal tender throughout the Continent would in practice, as well as in theory, be a more perfect representative of money than one which is legal tender only throughout half a province. But, it might be argued, there are great difficulties in the way of introducing a note which shall be legal tender throughout this vast country, where the trade of one province is quite independent of that of another. The difficulty which it is least easy to deal with might be said to be that of determining at what points the note shall be convertible into coin; for it must be convertible at more than one place if it is to be legal tender throughout the Indian Continent, otherwise, owing to the vast extent of the country through which it has to circulate, and the fact of there being no one great centre of commerce to

which all trade tends, there will be considerable difficulty in securing a wide circulation for such notes. When I speak of determining at what points it shall be convertible, I also include the necessity of providing that the note *shall* be convertible at those places. Here at once is a manifest difficulty. If, for instance, we were to fix on the three Presidency towns as the sole places where the Government would be prepared to cash their notes on presentation, it might happen that the Government would have to do all the exchange operations between one or other of those towns when the exchange was unfavorable; and a banker wishing to remit large sums to Bombay from Calcutta, when the exchange was unfavorable to the latter place, would be able to throw the entire expense of the operation upon the Issue Department.

I believe that in 1864 such cases did occur between Allahabad and Calcutta, the notes of the subordinate circles of issue being convertible at will either at the Presidency town or at the centre of the circle of issue.

Modes of amending the system now in force are, however, suggested in the 5th, 6th, and 7th queries put by the Commission.

The Commission first ask whether the present system of circles of issue, with a separate note for each circle, is calculated to promote the reception of a Paper Currency by the Native population; if not, they ask, in the second place, should the number of circles be increased, still retaining the plan of a separate note for each circle; or, keeping the present number of main circles, should offices of sub-issue be established at the chief local treasuries within each circle, where the note should be convertible on demand as at the head office of issue of the circle.

Lastly, they ask whether the plan of having one universal note for all India, to be convertible only at Presidency towns and at certain specified treasuries, will be preferable. These suggestions seem to comprise all that can be safely made in regard to a system of currency based upon the principle of convertibility: at all events, though perhaps susceptible of modification as to detail, they comprehend the two, and the only two methods which can regulate a system of convertible notes, that is to say, they provide either for notes which shall be legal tender throughout the country, or for notes which shall have the attributes of money only in specific portions of the country.

Without further remark, I venture to say that a system of currency which provides us with notes, legal tender only in selected portions of the country is bad. If we are ever to carry the public with us in our currency arrangements, the notes that we issue must be legal tender throughout the Continent. We intend our notes to represent money, and they can only do so by having the attribute of money given to them, as far as it is possible to do so, in full and in no curtailed proportions. They must be equivalent actually to the coin they nominally represent (and they should carry this character wherever the coin they represent is legal tender); if not, they will cease to have the character of money when they pass out of certain arbitrary limits.

It is surely a good reason for the public not looking upon our notes with any liking that the note a man can present at Buxar in payment of his debt is valueless to him for a similar purpose at Ghazeepore, twenty miles further west. I believe that the real cause which has been at the bottom of the ill success of our currency has been this system of circles of issue. Did the mass of the Native population understand clearly that they could pay a debt with a 10-rupee note as well as with 10 rupees in coin, there would not be much difficulty in securing a fair circulation for our notes. But it is impossible to make the bulk of the population understand that the note we tell them to be an equivalent for 10 rupees may be tendered in Allahabad in payment of a debt to that amount when it cannot so be tendered at Dinapore.

In practice the effect of our system of currency notes legal tender only within certain specified limits has been to deprive them of all public confidence; hence their comparatively small circulation, and instead of starting with a "tabula rasa," as we did five years ago, we have now not only defects to remedy, but prejudices to overcome, which our own course of action has created.

With these opinions, I think questions 5 and 6 may fairly be replied to in the negative, simply on the ground that a note which we declare to be equivalent to and a representative of coin, and which we introduce to the Native population with this character, will not command the confidence of the Native public if its attribute of legal tender and its character as money are not co-extensive with the similar attributes given to the current coin, *i. e.*, if the two be not equally legal tender throughout the British dominions in this country.

In regard to question No. 6, however, there are many other objections which might be noticed as fair grounds for replying to it in the negative; but I will not notice these now, as I shall have to comment upon some of them in considering how it will be possible to introduce a note which shall be legal tender throughout the Continent.

In discussing this subject, it will be well to look back for a moment to what are the indispensable requisites of a sound currency. It will not be necessary to go into the fundamental principles of currency, but merely to keep in view the fact admitted on all sides that "no substitute for coin can be perfect or safe that does not in every respect perform exactly the same "operation, that does not follow the same laws in the fluctuations of its quantity, and that "does not in every respect conform to the coin itself."

These requirements are fulfilled by a really convertible currency which is legal tender within the same limits as the coin it represents.

I conclude that the object of the Government in making any alterations in the monetary system of the country is to secure an economy of the capital of the country without at the same time interfering in any way with its exchanges; that while there is no wish to force notes into circulation, it is desired to secure for those which may be issued not only the confidence of the public, but also a power of circulating which shall equal that possessed by the coin of the country.

Were India similar to England, the same system might be followed in both countries. But there is a wide difference between the mother country and this; and the system which is suited to the one will not be found to answer in the other.

This difference consists in the size of the two countries, and the nature of their respective commerce and communications. In England, all trade tends towards the metropolis. However large the operations of Liverpool and Manchester, and of other great commercial centres, they are eventually settled by the banks in London. The country banks which have notes in circulation have their reserves in the Bank of England; and under the clearing house system the trading operations of the entire country are eventually balanced and settled through that institution by a transfer of credits at the Bank of England to and from the different banks concerned.

But in India trade is not homogeneous. It centres in different points, and the commercial operations of one part of the country are quite distinct from those of another. Thence arises a difficulty in carrying out the system employed in England, by which the branches of the Bank of England issue notes payable either at the place they are issued from, or at the parent bank in London. This is the system which has been partially re-produced out here in the shape of currency circles and has failed.

We should have no difficulty in carrying out a currency system based on convertibility on demand in which the notes should be legal tender throughout the country, could we secure, issuing them only at one place, all requisite facilities for the exchange of bullion or coin for paper. But it seems obvious that this could not be secured in a country so vast as India, where trade does not tend to one particular centre, without having more than one place of issue.

There would, in all probability, be individuals anxious to exchange coin for notes in many of the large towns of the interior or on the coast, who would be unable to send their coin for exchange for notes if there was only one place of issue, except at a cost which would make such a transaction disadvantageous, and would effectually deter them from undertaking it.

On the other hand, if more than one place of issue were allowed, but the notes were convertible only at one point, for instance Calcutta or one of the other Presidency towns, the Government would be compelled to bear the expense of all the remittances of coin made necessary by unfavorable rates of exchange between the place of convertibility and the places of issue; and this expense would be increased still further if the note was convertible at the place of issue and also at the Presidency town. This is the objection which would be naturally raised to the course suggested in the second portion of the 6th question put by the Commission.

These difficulties, however, might be removed by following the system in force in England, making one alteration: by having one great centre of issue, say in Calcutta, and subordinate branches of issue wherever it might be found necessary, the notes so issued being legal tender throughout the country, but being convertible only at the place whence they were issued.

For instance, making Calcutta the great centre of the issue department in these provinces, we might supply each of the large treasuries, such as Benares, Cawnpore, Mirzapore, Furruckabad, Bareilly, Agra, Allahabad, and others, with a certain amount of notes from Calcutta, permitting the several treasury officers to exchange these notes for coin at the request of the public, marking the notes so issued with the place of issue. The notes to be legal tender throughout India, but to be convertible only at the place of issue and not at the central office, which would only cash its own notes. At first, probably, it would be advisable to issue notes only of the lowest denomination.

It might be objected to this that the notes being legal tender every where would eventually be presented at the Government treasuries in payment of the Government revenue in places other than that whence they issued, and the Government for its own necessities might be compelled to remit coin from the place of issue to the treasury where the notes might have been paid in. But this objection would be based on a fallacy. The Government would not be obliged to make cash remittances on account of the notes so paid in; for the notes in question being legal tender everywhere except at the place of issue (as in the case of the Bank of England and its notes) would be paid out again at the treasury which had received them, and would be constantly in circulation till, in the course of trade, they found their way back to the part of the country from whence they had issued.

In practice, I believe the effect of such a course as I propose would be something like this: A at Benares having to purchase cotton at Meerut, would obtain from the treasury officer at the former place an equivalent in notes of low denomination for the sum he had to remit. These would be paid out to the cotton producers, who in their turn would either pay them to the money lenders who had made them advances, or to their landlords. In the former case, they would be paid out again as loans; in the latter, they would come into the nearest Government treasury, whence again they would re-issue either in payment of the salaries of Government officers or in satisfaction of other demands. The notes being of small amount would circulate rapidly, being legal tender everywhere, and the currency not having become redundant by their issue (for in exchange for them an equal amount of coin had been withdrawn from the circulation at Benares), they would continue in circulation till the course of trade brought them back to the place of issue, where they would be exchanged for coin. In the mean time, other persons would be performing the same operation, and there would be as many people exchanging coin for notes as notes for coin.

It would be beyond my province to go into details as to the denominations of notes to be issued and the places whence issues should be allowed. These must eventually be settled, but they cannot be determined without information as to the circulation and the course of trade which I do not possess. Information on this latter point was called for in these provinces so far back as 1854-56; but though I have made repeated efforts to obtain the correspondence both from the Government Secretariat and the Accountant General's Offices, I have been unsuccessful in finding a trace of it. It has probably disappeared in the events of 1857. It would be of great value if it is in existence.

With regard to the former point, however, I believe the Paper Currency of this country would be far more popular and not less convenient if the notes were restricted to very low denominations.

It is obvious that the more valuable notes, exchanging as they do only between the dealers of the country, must return very quickly to the place of issue; while those of a low value exchanging among the consumers of the country, continue in circulation for a much longer period. As it is an object to retain our notes in circulation as long as is practicable, the lower we make their value within certain limits, the more conducive will it be to the success of our scheme. The principles that regulate these limits are so well known that I need not advert to them. I do not, however, think that a 5-rupee note would be at all too low a value as the minimum. Even in England, where the value of money is so much less than it is in India, the introduction of 20,000,000 (twenty millions) of one-pound notes has been advocated on very sound arguments, and the reasoning applied by Mr. Wilson twenty years ago on this subject would, I believe, apply now with equal, if not greater, force to 5-rupee notes in India.

My note has extended to such length that I will not touch on questions 25 and 26. Without, however, adverting to the subject of gold as assisting the establishment of a Paper Currency, I consider that our currency cannot be put on a sound basis till we have our note a legal tender throughout the British dominions in this Continent, convertible only at the place of issue, but issuable in more than one place; all but one place of issue being subordinate to the head department; the note to be issued to be of a low denomination.

(Signed) W. C. PLOWDEN,
Secretary.

Answers to Questions put by the Currency Commission.

1.—No.

2.—Because they do not circulate freely. The rate of discount on them is regulated by the rate of exchange for hoondees on the head office of issue of the circle to which the notes belong, when that is unfavorable to the place where they are discounted. If not unfavorable by the cost of registry of a letter and the postage, with something over. For notes of the Allahabad circle, the rate of discount is generally 2 per cent. higher than the rate of exchange for hoondees on Allahabad.

3.—These facilities are only granted to travellers.

4.—They are not sufficient to make the notes circulate. But with a system of notes which are not legal tender throughout the country, to increase the facilities of exchange would only be to throw a considerable expense on the Government.

5, 6, 7.—Answered in the memorandum accompanying.

8.—Yes, on the ground that while a note of such a denomination would circulate more widely than those of a higher value, the danger of forgery would not be greater.

9.—Certainly, on the same grounds that a half-sovereign circulates more quickly than a sovereign.

10.—No.

11.—Yes.

12.—Yes, if they can make more profit out of such an operation than by drawing hoondees.

13.—No, they prefer hoondees to notes, because of the difficulty they experience in obtaining duplicate notes should the originals be lost, while they can always obtain a *painth* or a *purpainth*, *i. e.*, a duplicate or triplicate hoondee, on application to the drawer.

14, 15, 16.—Treasury office questions.

17.—One anna less than Rs. 15.

18.—Valued at Rs. 10-1.

19.—Valued at Rs. 10-1-6.

20, 21.—A less value, because there are less facilities for disposing of them.

22.—Yes, for purposes of hoarding.

23.—They would not object to it: as it is, travellers prefer gold to silver.

24.—Yes, at first.

25.—Not more than silver.

26.—If it became necessary to remit coin to ensure the convertibility of notes, the remittances could be effected more easily by the movement of gold than of silver.

27.—Those I have consulted at Allahabad prefer the currency as it exists.

28.—Tested by touch, but does not circulate in the neighbourhood of Allahabad.

29.—Only by travellers and cambists.

30.—Mahomedshahee, Akbaree, Aurungzebee, Jaunpooree, Lukhnowee, Benarsee, Moorshedabadee, Nujeebshahee.

31.—Yes.

(Signed) W. C. PLOWDEN,
Secretary.

The 5th May 1866.

From Secretary to Government of India, Financial Department, to the Secretary to the Currency Commission,—dated the 20th July 1866.

I am desired to forward the accompanying copy of a Report by the Accountant General, Punjab, on the progress of the Paper Currency in that province, and to state that the recommendations therein made have been substantially adopted.

From the Accountant General, Punjab,—dated the 23rd June 1866.

I have the honor to forward, for transmission to the Government of the Punjab, in accordance with the instructions contained in Mr. Secretary Thornton's letter to my predecessor's address, No. 90, dated the 10th February 1865, the accompanying statements regarding the progress and state of the Paper Currency in this Government.

2. The statements have, as last year, been compiled from returns received from district officers, and these appear to have been prepared with tolerable accuracy. The remarks are those of district officers themselves.

3. I annex a comparative statement showing separately the results of 1864-65 and 1865-66, and of the Lahore and the other treasuries. In reviewing it, it should be borne in mind that the Paper Currency was only introduced into the Punjab from the 1st of August 1864, and that, therefore, it is a comparison between nine months of the first and twelve months of the last year.

4. The amount of notes received and paid *in lieu of cash* from our treasuries cannot be taken as a fair test of the progress of the Paper Currency, unless, indeed, when considered in connection with the amounts of notes received and paid in lieu of cash at the currency offices. It is certain that by far the greater portion of the notes paid away in this manner were taken by the community for the special purpose of presenting at the head office of issue in Calcutta for payment, a result which cannot be considered as in the least conducive to a healthy condition of the currency.

5. During the greater portion of last year, in consequence of an accumulation of cash in the treasuries of the Punjab, caused by the amendment of the orders first issued by the Supreme Government in regard to clipped coin, the sale of supply bills on Calcutta, even at par, was stopped, and remittances, which would otherwise have been made to Calcutta by means of these supply bills, were made by means of currency notes. A fictitious circulation of these notes thus sprung up, which was alike undesirable and inconvenient.

6. Recently, the sale of supply bills at par on Calcutta has been re-introduced, and I would strongly urge that, so long as the Punjab has to be supplied with cash remittances from the North-West Provinces and Bengal, the sale of supply bills at par be not discontinued. No advantage can arise from the notes of the Lahore circle being taken up for the purpose of

remittance to Calcutta, and much inconvenience is caused thereby, while it is certain that they will invariably be taken up when the demand for money in Calcutta is sufficiently urgent, if the course (more convenient alike to Government and the community) of issuing supply bills at par be discontinued.

7. A truer test of the progress of the Paper Currency will be found in the statement of notes received or paid *on account* of sums due to or by Government, for, though it is possible many of these may have been used as remittances, it is not unreasonable to suppose that the great bulk of the currency notes sent to Calcutta were those received in exchange for silver, and not those which only came into the possession of the owners at the time of receiving payment of sums due by the Government.

8. First, in regard to the Lahore Treasury, we find that (allowing for the three months of 1864-65 prior to the introduction of the Paper Currency) the payments made by means of notes in 1865-66 are about double what they were in 1864-65, and this though the Lahore Treasury officials never pay in notes except when especially asked to, and, even then, are constantly obliged to pay in coin, leaving the payees themselves to exchange the coins for notes at the adjoining currency office.

9. In regard to payments of notes from other treasuries than Lahore, we find that nearly three times the amount paid away in 1864-65 were paid away in 1865-66. The amount is still very small, being less than 9½ lakhs of rupees, out of an expenditure of, say, in round numbers (excluding cash remittances) six crores of rupees, or only 1½ per cent. of the whole. These results, though by no means so satisfactory as might be desired, exhibit, I think, a gradual tendency to a confidence in the Government Paper Currency, and to a resort thereto by the community of the Punjab.

10. That the increase in the amount received by means of currency notes, in satisfaction of Government demands, is not so great as that in the payments is not altogether unsatisfactory. It could not be expected, and perhaps it would hardly be desired, that the agricultural community, from whom the bulk of our revenue comes, should resort so quickly to the Paper Currency; that the increase in the receipts is less than the increase in the disbursements may be taken as an indication, at any rate, of confidence, and, perhaps, to a small extent, that some portion of the Paper Currency is beginning to assume its proper functions, and to constitute a circulating medium among the community.

11. I would take the present opportunity of offering one or two suggestions on this subject.

12. In the first place; I would suggest that the Treasury Officer at Umritsur should be instructed, as far as possible, to give coin in exchange for all Lahore notes that might be presented to him freely, without reference to the party presenting them, and that this department should take measures to enable him generally to meet all such requisitions. It would be unnecessary, except perhaps just at first, materially to increase the balance of the Umritsur Treasury, as, in all probability, the effect of such an order, at any rate after they had become accustomed to its effects, would be to make the very large and important mercantile community of Umritsur carry on their transactions by means of currency notes; and if at any time the silver funds were insufficient, the Umritsur Treasury could be supplied from Lahore in a very short time and at a very trifling expense. I would have this order issued by the Supreme Government and regularly published, so as to give it as much stability and publicity as possible. It would, in fact, have much the same effect as making Umritsur the head office of the circle of issue.

13. The Accountant General, I think, also should be authorized to issue at his own discretion similar orders in regard to Delhi. Such orders could not fail to make the notes very popular at Delhi, and I could generally act up to them, not only without inconvenience to the Government, but with advantage, for there have to be constant remittances from Delhi to Lahore, and, of course, it is much cheaper to carry up notes than silver. If this order were passed, I anticipate that much in the same way as notes will be current at Umritsur, should my first suggestion be adopted, they will be current at Delhi, and that after the first introduction but very few would be presented for payment. I would not have the order issued as

authoritatively as the order in regard to Umritsur, because the measure should, in the first instance, be tentative rather than otherwise, and because, before issuing the order definitely with respect to Delhi, it would, I think, be prudent to wait the result of the experiment at Umritsur, where it certainly can be tried with the least possible risk.

14. A Commission is, it is understood, sitting at Simla on the subject of Indian Currency. I do hope that before any decided steps are taken in opposition to the present Paper Currency system of the Punjab, it may be allowed a fair trial. It is true that the resort of the community to Paper Currency has not been as rapid as was generally anticipated, but for all this, I believe that the system is gradually becoming appreciated and will gradually extend. I would with due deference urge that there are only two faults in the present system; the first, the inconvenience to the community from the head office of Issue not being situated at the chief mercantile town in the centre of the circle; and secondly, the inconvenience to Government from the notes being payable at a place outside the circle, *viz.*, at Calcutta. The first will be remedied if my suggestion in regard to Umritsur, contained in the 12th paragraph of this letter, be adopted; the second would not have resulted in inconvenience to the Government had supply bills been sold in Calcutta at par, as they might have been, and will probably never cause inconvenience again, because it is not likely that the demand for bills on Calcutta will in the long run exceed the amount the Government may wish to raise in the Punjab by the sale of such bills, and until it does so, the Lahore currency notes will only go down to Calcutta in trifling quantities.

		1864-65.		1865-66.	
		Receipts.	Payments.	Receipts.	Payments.
		Rs.	Rs.	Rs.	Rs.
Received or paid in lieu of cash ...	Lahore	3,000	2,530	7,940	1,350
	Other treasuries ...	2,36,040	5,60,690	6,09,900	31,06,760
	TOTAL ...	2,39,040	5,63,220	6,17,840	31,08,110
Received or paid on account of sums due to or by Government.	Lahore	18,10,020	16,45,510	28,58,040	42,10,510
	Other treasuries ...	4,10,620	2,76,000	5,68,290	9,35,750
	TOTAL ...	22,20,640	19,21,510	34,26,330	51,46,260
Received from or remitted to other treasuries.	Lahore	18,16,250	16,46,270	43,17,580	31,60,090
	Other treasuries ...	12,00,090	1,14,870	39,04,880	6,06,660
	TOTAL ...	30,16,340	17,61,140	82,22,460	37,66,750
GRAND TOTAL		54,76,020	42,45,870	1,22,66,630	1,20,21,120

(A true copy)

J. E. COOKE,

Asst. Secy. to the Govt. of India, Finl. Dept.

From the Secretary to Chief Commissioner, Central Provinces,—dated the 8th June 1866.

I am directed to reply to the questions regarding Paper Currency matters circulated with your letter of the 16th February.

No. 1.—Government currency notes are not, generally speaking, much employed by members of the Native community *in their private monetary transactions.* To show that this

answer rests on a solid basis of fact, and not on mere general report, I am to note certain facts regarding the note circulation of the Nagpore Currency Circle on the 31st March last. Although more than 70 lakhs of rupees worth of notes have been given in exchange for silver across the Nagpore Currency Office counter since the Nagpore Circle was constituted in 1864, only 11 lakhs of rupees worth of notes were returned as "in active circulation" at the end of March 1866. Out of these 11 lakhs of rupees, 6½ lakhs were locked up in the branch Bank of Bengal Treasury at Nagpore, 3 lakhs were lying in the different outlying treasuries, and *only* 1½ *lakhs* of notes were really in circulation among the people.

No. 2.—The causes for the non-appreciation of currency notes are perhaps manifold, but they may be divided into two classes—

Firstly.—Those causes which must tend to impede the early appreciation and general employment of currency notes in India, under whatever system the notes might be introduced.

Secondly.—Those causes which are peculiar to the existing currency or to the way it has been worked, which causes are, therefore, more or less removable. In the first-class some such causes as the ignorance and comparative uncivilization of large masses of the people; their dislike, it may almost be said, dread of change; the destructibility of the notes; the circumstances that among a people who travel very little from place to place, the transactions in which cash passes from hand to hand a usually of small amounts, while the greater number of large transactions which occur between traders of the same locality, are as book accounts, and require but little cash for their final settlement, whenever such settlement may take place. The largest cash payments made in this part of the country are those made for raw produce (cotton, seeds, wheat, and the like), either to the producers themselves or to the parties who collect from the producers themselves. Now the producers are, as yet, quite averse to taking currency notes in payment for their produce; and, therefore, the parties who have large transactions with producers must use silver, and *not* notes. The ignorance of the great mass of the producing class in India; their love of hoarding the precious metals; their general distrust of all change, are matters known to your Commission, and it may be unnecessary to enlarge upon them here. Still, it is well that all such circumstances should be kept in view, as they will teach us that, even with the best system of Paper Currency possible, we cannot expect our paper money to be greatly used in the ordinary transactions of the people generally; or, indeed, to be greatly used at all for the present anywhere except at great centres of trade, which have large dealings with the country round them, and with other centres of trade in distant parts of the country.

The Commission, doubtless, has before it reports of the evidence given before the Currency Commission recently sitting at Paris. Baron Rothschild's evidence shows the opinion which a man of his experience holds regarding the slow gradations by which the custom of using bank notes becomes a habit with a nation of agriculturists.

2. Among the causes which pertain to the second class, and which may be more or less remediable, is firstly, and chiefly, the difficulty in converting notes into cash. To take the Nagpore Currency Circle:—it is about 100,000 square miles in extent; it contains six large emporia of trade, *viz.*—

Nagpore.				
Raepore	200	miles	distant	from Nagpore.
Jubbulpore	177	"	"	"
Saugor	290	"	"	"
Boorhanpore	250	"	"	"
Hinginghat	50	"	"	"

In these six places merchants congregate, and have large transactions with each other. Why do they not use currency notes? Why does not a Nagpore corn-dealer going to Raepore to buy up large quantities of wheat take with him currency notes to pay for what he wishes to buy? Why does not a Bombay cotton agent, buying up cotton at Hinginghat, take with him currency notes? Because no dealer would take payment in notes except at the market rate of the day. His object is to get in exchange for the produce he has collected either cash itself, or something readily convertible into cash, so that he may either settle his accounts with the producers, or else that he may buy more produce. He looks upon a currency note just as he would look upon a bill accepted by a first class house at Nagpore. He would, therefore, take notes at about below the market rate of the day for first class bills. The word "about" is used, because, other things being equal, hoondees are preferred (*vide* answer to question 13 below) to currency notes.

3. If a merchant at one of our principal trade centres will only take notes at the discount of the day, it cannot be expected that notes will pass at par in any of the chief bazars. If they do not pass at par, they can hardly pass at all; for no man will, as a matter of choice, employ a circulating medium which fluctuates in value from day to day.

4. Another of the causes peculiar to the present currency system, which delays the appreciation of the notes, may, perhaps, be the unsuitableness or unwieldiness of the agency for their circulation.

5. It would seem that in Europe Paper Currency has been popularized by persons, or bodies whose direct interest it was to float notes into the market. In England every bank which was empowered to issue bank notes used to pay its own notes across the counter when discounting bills, when making loans or paying interest. The bank also took special care that its notes passed from hand to hand *at par*; if its notes by some mischance became depreciated, it returned as many notes as it could, until its paper recovered itself. Perhaps the effects of the efforts made by banks to popularize their currency is more evident in Scotland even than in England. And it used to be a common remark with strangers who travelled in Scotland that an ordinary Scotch tradesman will take a one-pound note of some local bank more readily than he would a gold sovereign. It was under some such system as the Scotch that the Bank of Bengal floated within a small circle of country an amount of its notes, not so very much below the value of all the currency notes of the Bengal Presidency which are in *bonâ fide* "active circulation."

6. The system is now at work in India. At the chief commercial town of a circle, whose radius varies from 100 to 300 miles, is placed an officer whose duty is to exchange notes for coin and coin for notes. He has no special facilities, or special occasion for quickening or increasing the circulation of notes. He has no payments, large or small, to make, in which payments he might employ his notes. Indeed, he would never issue across his counter a single note unless traders or money lenders found it desirable to get notes from him; so that there is in our currency system no person or body like those in Europe whose interest it is to create a demand for notes.

7. The above argument would tend to this,—that as the Indian Government has, *quasi* Government, banks at every centre of trade, which banks it employs to keep its treasure and do its business, it might be practicable to come to some arrangement with those banks, by which it should be their *interest* and their business (for a time at any rate) to popularize the Government currency notes. Before, however, giving his opinion on the expediency of such a plan regarding which he has heretofore felt much doubt, the Chief Commissioner would beg for a short time till he can return from camp and consider the point at his head quarters.

8. With reference to the second clause of

No. 2.—I am to observe that currency notes are cashed at all trade centres at about the market rate of the day. At places other than trade centres, merchants of these provinces would not, generally speaking, cash currency notes at all.

No. 3.—All treasury officers are supplied by the Deputy Accountant General with notes in proportion to the demand likely to arise within their treasury circles. These notes are given by treasury officers to all persons who offer silver to them. Under the recent orders of Government, notes of large denominations are not supplied to treasury officers.

9. Treasury officers receive notes in payment of the demands of Government; and they cash notes of any currency circle presented by travellers: they cash notes of their own circle when presented by merchants or others to a limited extent, and with due regard to the silver balances in their treasuries.

Nos. 4, 5, 6, and 7.—The public has ample facilities for obtaining notes for coin. But the facilities for obtaining coin for notes might, perhaps, be extended.

10. Government outlying treasuries or sub-treasuries, which have to send silver into central treasuries, should cash notes up to specified amounts at particular times of the year. The officers of the supply department could always foresee at the beginning of each year what sums of money could be available for cashing notes at outlying treasuries, and they could advertize to the public accordingly. If the public took advantage of the terms offered, then the Government would be saved the cost of transporting its treasure into centres of expenditure.

11. If the Government were not disposed to avail itself of the assistance of the Bengal, Bombay, and Madras Banks in popularizing the Paper Currency, then it would be necessary to have specified currency officers at specified centres of trade, situated on lines of railway, who would cash all notes presented across their counters. As recommended in the foregoing paragraph, the officers of the supply department could arrange for cashing notes at outlying treasuries at special seasons of the year.

12. If the Government currency circulation is ever to become a really important and widely used circulating medium with the population generally, it must first become popular with the higher classes of traders; when they take to using currency notes freely, the habit of using them will soon filter down to the less important classes of traders and to the general population. Any extension that may occur in the use of currency notes will be certainly downwards and not upwards.

Nos. 8 and 9.—Mr. Temple *would* recommend that a 5-rupee note should be issued. Considering how small most of the common transactions are, then it is evident that if the Paper Currency were to become at all popular, there must arise a demand for notes of small denomination. The 5-rupee note would certainly do no harm, but it would not, he fears, make much way for some little time.

No. 10.—Notes are much used by Native bankers in making remittances to either Calcutta or to the centre of the local currency circle. They are not used at all for other remittances.

No. 11.—Native bankers at large commercial towns will cash notes at about the same rate as they would cash first class bills on the circle centre, or on Calcutta. But, as has been before said, the traders of these parts do not much employ notes in their transactions among themselves. When their customers or ordinary outsiders present notes for encashment, Native bankers of note will usually cash them at a discount fluctuating with the rate of exchange on the circle centre *plus* a small extra discount to cover any cost or trouble they may incur in realizing the value of the notes.

No. 12.—Native bankers have not yet taken to buying up notes at a discount in outlying bazars and sending them into the circle centre for encashment. One reason for the non-existence of such a practice may be that there are but few notes in any of the bazars to buy up. Mr. Temple has known of transactions somewhat analogous to that referred to in this question; for instance, a few months ago money was cheap at Seonee, a small entrepôt half-way between Nagpore and Jubbulpore, while it was dear at Nagpore. Some of the Nagpore bankers thereupon bought through their agents a large number of notes at the Seonee Treasury, had the notes sent to Nagpore, and cashed them at the Currency Office.

No. 13.—As stated above (see reply to question 10) currency notes are only very partially used for ordinary purposes of remittance; a trader who wished to remit money to meet a liability even at the Currency Circle Centre would prefer to remit by hoondees than by notes, if he could get hoondees and notes at the same rate, for the risk of loss in transit is greater in the case of notes than of hoondees. If a hoondee miscarries, a duplicate is usually quickly procurable, whereas if a note is stolen, no duplicate can be obtained, and it is difficult or impossible to recover its value. It turns up, months after it was lost, in the hands of some *bonâ fide* holder who can give no sufficient aid in tracing it to the thief.

No. 14.—It does not seem necessary to Mr. Temple to offer any reply to this question. He would remark, however, that his proposal is to have offices of encashment only at commercial cities on some line of railway.

Nos. 15 and 16.—The supply of notes at treasuries of the Central Provinces has been generally sufficient to meet all demands, though, as pointed out above (see reply to question 3), notes of large denominations have not, during the last few months, been issued to the people.

No. 17.—The average value of the Government gold mohur is said to be Rs. 15. But this coin is but little known in the bazars here. If an ordinary person were to go into the market on an average day, he would have to pay a few annas above its nominal value for every gold mohur he might get.

Nos. 18 and 19.—The English and Australian sovereigns are little known in the bazars here. When they do come up into these parts at all, they pass as bar gold at their intrinsic value, and are used for hoarding.

Nos. 20 and 21.—So far as Mr. Temple can judge, the value of gold coins would be about the same in the interior as in the Presidency towns. In the interior, they are in demand for hoarding or to be made into jewellery. At the sea-ports, they are in demand with persons travelling to other countries.

No. 22.—Gold coins are not used at all as circulating media. During the last two years, payments for cotton in the cotton districts, and for corn in the corn-producing tracts, have been extensively made in bar and leaf gold. About 50 or 60 lakhs of rupees worth of gold are said to have come into the Nagpore country during the year ending on the 31st March last. Much, perhaps most of that amount, has been hoarded by the producers.

No. 23.—The Natives would like a Gold Currency, that is to say, they would be glad to have gold coins struck and floated; and some of them would like to see gold coins made legal tender. But if gold coins were struck and made legal tender, they would not, Mr. Temple thinks, come into general use all over the country for some years.

No. 24.—Gold coins would come into general use with the smaller traders, with artizans, and with the agricultural population more rapidly than notes of the same value.

No. 25.—And it might be that when gold coins come into general acceptance with the people, they would be more ready to accept and use paper money.

No. 26.—A Gold Currency would assist treasuries in ensuring the convertibility of notes, in so far that gold money is more portable than silver; and so it would be easier to send gold to meet a run on a particular currency centre than to send silver.

No. 27.—A currency of gold, silver, and paper would in the end be most acceptable to Native bankers, though it is probable that if the chief bankers of all the cities in India were polled, the majority would be for a currency of gold and silver. Native bankers generally at the outset appear to dislike the introduction of paper money, as they fear it will disturb their hoondee business.

No. 28.—Bar gold has recently been much used in the producing districts to pay for raw produce (see reply to question 22 above). Natives in their transactions among each other with people they know are usually satisfied with the test of the touch-stone. But when any considerable quantity of gold comes into a bazar from a new source, or is brought in by a stranger, they test it with acid.

Nos. 29 to 32.—Gold mohurs are not used to any extent as a circulating medium in these parts. The following gold mohurs come into our bazars:—

Alumgeeree.	Akbaree.
Shahjehanee.	Lucknow.
Furruckabad.	Hoon.
Jeypooree.	Soortie.

These coins usually are exchanged at a little above their intrinsic value. The Jeypooree mohur is considered to be the purest gold and fetches the best price.

From the Secretary to the Chief Commissioner, Central Provinces, Nagpore,—dated the 30th June 1866.

In my letter, No. 1681 of the 18th current, I said that Mr. Temple would, on his return to his head quarters, submit a further expression of his opinion on the subject of questions 5, 6, and 7 of your Circular.

2. Before replying to those questions, Mr. Temple desires me to submit some general considerations respecting the Indian Paper Currency as it now exists, and as it might hereafter be managed.

3. Firstly, Mr. Temple would observe that, when all things are considered, it must perhaps be allowed that the existing currency has not been wholly unsuccessful. Though no great result has been accomplished, still a beginning has been made, and in time the growth, though tardy, would be perceptible.

4. Currency officers and treasury officers constitute the main agency for diffusing paper money over the country. These officers will all have done something more or less, though there have been doubtless great varieties in practice: some displaying much more activity and zeal in the cause than others; but, as a body, they have probably not understood that it was their duty positively to encourage or promote the circulation of currency notes. All they, as a rule, felt themselves bound to do was, to give to all comers notes for money, and money for notes, under restrictions which, in the case of treasury officers, appeared somewhat narrow. Indeed so narrow were the limits to the discretion of treasury officers in this matter of giving money for notes that, in many cases, they were understood as being tantamount to a prohibition against the cashing of notes..

5. In these provinces there have been issued repeated injunctions as to the limits up to which the treasury officers might fairly extend their discretion. Every endeavour has been used to explain to the officers of treasuries and sub-treasuries that they are to cash all notes of the Nagpore circle presented for encashment, so long as the state of their balances enables them to do so without loss or inconvenience to Government. This is, perhaps, generally complied with. Yet cases do from time to time come to light wherein sub-treasury officers in the interior have, and without good reason, declined or hesitated to cash notes presented to them for encashment. Possibly, the same may be the case in other provinces. Thus it may be apprehended that collectors and sub-collectors have not, as a general rule, made it their actual business to assist or promote the circulation of Government currency notes.

6. If, at any future time, it should be desired actively to promote the circulation of paper money, and if collectors and sub-collectors were made to understand that the popularization of Government currency notes was a matter of important State interest, then a much larger active circulation of paper money would be speedily obtained.

7. Before considering what would now be the best scheme for an Indian Currency, it may be well to recollect what were the circumstances and peculiarities under which the existing scheme was introduced. The late Mr. Wilson had, Mr. Temple believes, intended to introduce a currency scheme which would, within a very short period, secure a large paper circulation all over the country, and be the means of yielding a considerable revenue to the State. The scope

of the scheme was indeed modified before Government paper money was actually introduced, but even then it was the desire of the Finance Minister of the day to devise a scheme which could *at once* come into general operation.

8. At that time (1860-61,) there were no railways open, except for a hundred miles or so in one direction from each of the three Presidency towns: with these exceptions, the only communication was roads; and, generally speaking, money could not be conveyed in any quantities from place to place faster than at the rate of from 20 to 50 miles per diem. Notes to be popular must, it was held, be easily convertible. Convertibility could only be secured by planting offices of encashment at easy distances from each other all over the country. When notes could be sent by post at the rate of 150 miles a day, while money could only be sent at great expense by cart at the rate of 20 miles a day, it was obviously unsafe to have one general Note convertible at all encashment offices. The Government of the day was, therefore, forced into the system of currency circles with a separate note for each circle.

9. But, practically, the difficulties and counter-difficulties of the "circle system" were really very great. If the circles were large and few, simplicity was no doubt secured; but the convertibility of the note of each circle was impaired, and the risk of a sudden and great run on the circle office was enhanced. Again, too, the objections urged against the large circle were strong on the score of possible inconvenience to the people in having occasionally to go long distances for encashment. If, on the other hand, the circles were many and small, the number of different notes current in the country at the same time became confusing, and the simplicity of the currency system disappeared. And here, again, a fresh class of inconveniences to the people would be alleged, on the ground that any one who had to carry a note over any distance found himself crossing several currency boundaries which caused difficulties in conversion. Many of these objections, some tending one way, some another, were at the time exaggerated; but there remained so much of real difficulty that it was found impossible to devise currency circles which were not open to grave objection from one or other point of view. All this became so clearly impressed on Mr. Temple's mind, when he was employed as Commissioner of Currency, that he was then and is now very strongly in favour of one large circle for all India, if only the practical obstacles in the way of such an arrangement could be removed.

10. Five years have now passed away since the existing system of paper money was introduced. During those five years the extension of railway communication has been immense. There are now in British India only a few* great marts or commercial centres which either are not or will not soon be connected with the Presidency towns and with each other by railway. By railway, gold and silver money can travel quite as quickly and almost as cheaply as paper money. It is at these commercial centres that currency notes will first become popular. If their convertibility at these places be assured, they may be expected gradually to permeate into the surrounding country.

11. Mr. Temple considers that the extension of railway communication since 1860-61 has entirely altered the aspect of the question as respects the formation of currency circles, and that, in the state of communications as they soon will be, it would be safe to have one universal note circulation for all India, and to make the notes absolutely and unconditionally convertible at Presidency towns and at all large marts situated on a Railway line. The legal responsibility in the above respect, which the Government could not undertake in 1860-61, might be undertaken now in the changed state of our communications, and with the help of the rail and the electric telegraph. The simplicity of the note circulation which would be one main result of making all India into one circle, would be an immense recommendation, not only with all classes of Europeans, but also with our Native fellow subjects. The commercial transactions of the merchants at our chief marts are more ramified every day, as intercourse spreads and as trade expands itself. A multiplicity of different notes is, therefore, even more undesirable now than it was in 1860-61.

* Perhaps there are not more than ten centres of commerce which are not on or close to a railway line. Those exceptional marts are chiefly in the south of the Peninsula, on the Eastern or Orissa Coast, and in the wastes of Hurriana.

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12. Before passing from the subject of an universal note for all India, Mr. Temple would observe that, in 1860-61, much stress was laid upon the necessity for having its value entered on each note in the vernacular language of the locality where it was to be current. Since that time, as people move about so much more than they did, and know so much more than they used of other places besides their own, most districts in India are much less isolated and "localized" than they were. Again, a smattering of the English language, and especially of the English numerals, has spread very considerably. At all our chief marts the majority of Native merchants can distinguish the English numerals. It is not, therefore, now so very necessary that the denomination of each note should be written on it in all the vernaculars of India. It would suffice probably if the denomination were entered in English words and numerals, and also in numerals of five vernaculars, *viz.*, Oordoo, for the Mussulmans of all India and for the people of the North-Western Provinces; Dewanagree, for the people of Southern India and of Central and Western India; Bengali, for the people of Bengal; Guzerattee, for the merchants of the Bombay Presidency; Tamil (or Teloogoo), for the people of Madras. One or other of the above characters would be understood over almost the whole of India by the classes who would use paper money.

13. Having, therefore, given it as his decided opinion that there should be one note circulation for all India, and that the Government notes should be convertible at all the larger commercial centres which may be situated on the railway, it remains to mention Mr. Temple's views as to the agency which should be employed. In my despatch quoted in the first paragraph of this letter, it was observed that, at first sight, it might seem desirable that the business of diffusing paper money over the country might with advantage be entrusted to the quasi-Government banks. It would, perhaps, appear that Government might trust the management of its Paper Currency to the same agency which undertakes the custody of its treasuries, and it might also, as observed in my former communication, be argued that banks would have great opportunities for floating notes into circulation. But, on the whole, Mr. Temple does not himself fully see how banks will have greater facilities for floating notes and popularizing paper money than Government collectors, currency commissioners, and treasury officers, provided that these officials are given clearly to understand that there is an important State interest in the rapid popularization of Government currency notes. On the contrary, if the measure be held to be a regular State affair, then the fiscal machinery of Government must have far greater moral force with the people in the mass, and must have a higher credit with the mercantile classes than any private establishments, however excellent, could reasonably be expected to possess. And, further, the Government banks are three, and whereas it is proposed to have one currency circle and one note circulation, the difficulty of floating the same notes through different Banks would not indeed be insuperable, but it would be appreciable. On the other hand, the fact that banks have great opportunities of floating Notes would be *per se* a cogent reason for entrusting them exclusively with the introduction of the currency. For if they find it convenient to use notes, they will necessarily help to popularize the Government paper money, whether they are subsidized or not, and whether they are entrusted exclusively with the duty or not.

14. On the whole, Mr. Temple would adhere to his former opinion, that the management of the Government Paper Currency should not be entrusted to the banks. He thinks that it will suffice if—

1st.—There be placed one currency officer under each Government and Administration, with his office at its head quarters, provided such head quarters be on the railway and forms an important trade centre.

2nd.—Every treasury at an important trade centre *on a railway line* be also made sub-office of issue and encashment.

3rd.—Every treasury or sub-treasury on the railway line be empowered to cash notes to its utmost convenience, subject to such instructions as the local Accountant General might from time to time issue.

4th.—Every treasury and sub-treasury wheresoever situated should be informed to issue notes for money to all comers, and, subject to certain restrictions, should give cash for notes in such manner and at such seasons as the local Accountant General might direct.

5th.—The Government should make it generally understood that it was the duty of all its officers to do anything in their power to accustom people to the use of paper money.

15. Having thus expressed generally Mr. Temple's views as directed by your Circular despatch, I am to add specific replies to each of the three questions in your Circular, to which my former letter did not furnish a full answer. Those questions are Nos. 5, 6, and 7.

No. 5.—Mr. Temple does not consider the present arrangement of circles the best that can be devised, and he would *not* retain it.

No. 6.—He would not propose to increase the number of circles with a separate note for each circle. If, however, it were decided to retain the existing "circle" arrangements, he would recommend that a few of the chief local treasuries should be made offices of sub-issue and encashment. Speaking for these provinces, he would recommend the establishment of such a sub-office at Jubbulpore, and of another at Khundwah in Nimar. This second sub-office at Khundwah would be intended to serve the Indore and Malwa trade so that if an office of issue and encashment were opened at Indore, the Khundwah sub-office might be dispensed with.

No. 7.—He would prefer one note circulation for all India, which should be convertible at special treasuries situated on a line of railway. Speaking for these provinces, the places where notes should be convertible are—

Nagpore.
Jubbulpore.
Khundwah.

At Nagpore there should be a special currency officer; at Jubbulpore and Khundwah the treasury officer could undertake the duty.

From the Officiating Secretary to the Chief Commissioner of British Burmah,—dated Rangoon, the 9th June 1866.

I am directed by the Chief Commissioner of British Burmah to acknowledge the receipt of your letter, No. 14, dated the 15th ultimo, and to express his deep regret that there has been so much delay in replying to your letter, dated the 16th of February last, on the subject of a Government Paper Currency. I am now desired to state in detail the Chief Commissioner's opinion upon each question put in the Circular which accompanied your letter of February last. The Chief Commissioner, however, requests it may be understood that his experience as a Civil Officer does not extend beyond British Burmah, and that his opinions must be understood as referring solely to the operation of Act XIX of 1861 within that province.

No. 1.—Government currency notes are readily received and paid away by the Native community at their full value within the towns of Moulmein and Rangoon, but not in the interior of the country.

No. 2.—It is only lately (under the authority of letter from Assistant Secretary Financial Department, to Chief Commissioner, No. 1276, dated 17th March 1866) that currency notes have been received at treasuries in the interior of the country in payment of Government demands, and have been allowed to be cashed to a certain extent. Up to the receipt of that letter a discount of about 2 per cent. was generally required in the interior for cashing currency notes. The reason was that the notes had to be sent to Rangoon before cash could be obtained for them.

No. 3.—Since the letter above-mentioned,—(1) all currency notes issued in British Burmah with the branch bank's private mark are cashed at par; (2) they are cashed ut of

the Government treasury balance at all treasuries for the convenience of travellers and private parties generally; (3) they are received at all treasuries in payment of Government demands.

No. 4.—These facilities are an immense advance upon the limited use for currency notes which previously prevailed. In regard to increasing the facilities, opinion will be given below.

No. 5.—The Chief Commissioner has not the means of forming an opinion as to the effect of the arrangement of circles in respect to the reception of a Paper Currency by the Native population of India. British Burmah may, as respects its Native population, be described as a separate country altogether from the Continent of India. If British Burmah were made a separate circle of issue and currency notes declared to be a legal tender therein, I have no doubt but that the Native (Burmese) population would gradually receive the notes to a much larger extent than heretofore. Such a plan appears to me well adapted to the circumstances of the country.

No. 6.—For British Burmah the Chief Commissioner would establish offices of sub-issue at the local treasuries of Akyab, Moulmein, Bassein, and Prome (Rangoon being the head office of issue), where the note for the circle should be convertible, and also at Calcutta. Those offices of sub-issue would include the wealthiest portion of the province, and the Native population would acquire confidence in notes convertible at those local treasuries which they have long known, and to which they can readily resort.

No. 7.—The plan of having one universal note for all India appears to the Chief Commissioner to involve so many difficult questions that he does not feel competent to offer an opinion. For British Burmah, however, provided that the universal note was convertible only at the treasuries already named, and that means could be found to check the number and amount presented at any given treasury, it would be as appropriate as a separate note for the circle. The latter, however, he believes to be the better plan as being safe, and the consequences of which can be clearly anticipated.

No. 8.—At present, the Chief Commissioner would not propose a note of a lower value than 10 rupees.

No. 9.—In British Burmah, where, for some time to come, the circulation of notes will be exclusively among the people of the towns and travellers, there would not be a materially immediate increase if 5-rupee notes were at once adopted.

No. 10.—There are no shroffs or Native bankers in Burmah. Notes have not hitherto been much used for remittances by traders.

No. 11.—Discount is taken by all persons in the interior who cash notes.

No. 12.—No; the Chief Commissioner never heard of this practice.

No. 13.—Hoondees are scarcely known in British Burmah.

No. 14.—Supplies of cash at the sea-port towns of British Burmah could only be received by sea from Calcutta.

No. 15.—No such case has arisen.

No. 16.—As above.

No. 17.—The Government gold mohur is scarcely known in British Burmah.

No. 18.—The English sovereign is generally worth from Rs. 10-2 to Rs. 10-4 in Rangoon.

No. 19.—The Australian sovereign fetches, the Chief Commissioner believes, the same price.

No. 20.—The Chief Commissioner believes these coins fetch a higher price in the interior of the country than at the sea-port towns of British Burmah.

No. 21.—It is believed this is because they are wanted for hoarding, and are not so readily procurable in the interior as at the sea-port towns.

No. 22.—The people of British Burmah are fond of gold for hoarding and for making rings and other ornaments. The great body of the peasantry scarcely use ornaments of silver, but desire to have them of gold with more or less alloy in it. Gold for circulation as a coin is scarcely known.

No. 23.—As a medium of circulation, the Chief Commissioner does not think gold coins would be much used, at least for some time to come. But the habits of the people may undergo a great change as gold coins are gradually introduced as currency.

No. 24.—Taking the bulk of the population, yes.

No. 25.—The establishment of a Paper Currency and its extension among the people depends, of course, on the confidence of the people in the ready convertibility of the notes. A Gold Currency would help the establishment of a Paper Currency, if the paper were convertible into either gold or silver at pleasure.

No. 26.—The Chief Commissioner does not see that it would.

No. 27.—The people of British Burmah, as a whole, at present know only a Silver Currency. They would gradually, no doubt, be brought to supplement the silver with gold and notes. But their actual currency has from time immemorial been silver, first in ingots and now in rupees, and the general national prejudice is undoubtedly in favor of a Silver Currency alone.

No. 28.—Bar gold, or rather sheet gold, is still brought to a limited extent overland from China *via* Ava; but it has of late years almost entirely been superseded by sovereigns. It used to be used for making ornaments.

No. 29.—Native gold mohurs are not used.

Nos. 30, 31, and 32.—Not applicable.

From Junior Secretary to the Chief Commissioner of Oudh,—dated the 16*th July* 1866.

In reply to your Circular dated 16th February last, I am directed to forward, for the information of the Commission, a copy of a letter, No. 1432, dated 26th ultimo, from the Financial Commissioner of Oudh on the subject to which your enquiries relate; copies of other reports which have been received in this office, and which it seems worth while to forward, have been already sent to you direct.

2. That the Government currency notes are not readily received by the Native community at their full nominal value is notorious, and it appears to the Chief Commissioner that the main reason is simply this,—that the notes are not really the equivalent of the amount of coin which they profess to represent. Not being universally convertible, they do not, in fact, represent any fixed sums of money; they constitute rather another sort of money of somewhat less value than the silver money to which they profess to correspond.

3. It is plainly impossible, under existing circumstances, to have one universal note convertible at all treasuries; whatever plan be adopted, the imperfect convertibility of the note will remain, and while this remains, the note will never be accepted as the equivalent of the nominal value which the Government has assigned to it. The discount at which the note passes is, it appears to Mr. Strachey, not so much a sign of want of confidence on the part of the public, as a sign of the fact that the note is really worth less than the amount of silver which it nominally represents. The Financial Commissioner, Mr. Davies, has exactly expressed the truth when he says that "the general public eschew the paper as they would light coin." No alteration in the present arrangement of circles, or any other measure that can be taken short of ensuring universal convertibility, can, in the opinion of the Chief Commissioner, prevent the depreciation of the note. This is equivalent to saying that he does not believe it to be possible to establish a Paper Currency, which shall circulate throughout India at its full nominal value.

4. Although Mr. Strachey thinks that the Financial Commissioner has overestimated, in paragraphs 4 and 5 of his letter, the effect produced by political distrust in leading to the depreciation of the currency notes, he does not doubt that this may often be a powerful additional cause in reducing their value, and he thinks it very probable that Mr. Davies is right in believing that even if the notes were convertible on demand at every treasury in the country, they would still not be accepted universally in the place of coin.

5. Although the Chief Commissioner does not think that any measures can be taken which will bring paper money into general circulation among the bulk of the people, he is of opinion that the present arrangement of currency circles is very inconvenient, and that it helps to increase the unpopularity of the notes among the classes who are the most inclined to recieve paper money with favor. The Chief Commissioner thinks that it would be a much better plan to have one universal note for all India, or for each Presidency, convertible only at the Presidency towns and at certain specified treasuries. The notes would not practically be less convertible than they are now, and they would be far more generally useful. The present arrangement of circles is not easily intelligible to the public, it brings in an additional element of doubt as to the real value of the notes, and tends to increase their depreciation.

6. The Chief Commissioner thinks that notes of the value of 5 rupees might with advantage be issued. Although he does not believe that they would come into general circulation at par, they would often be useful and convenient, and it does not appear that any bad consequences could possibly follow.

7. But gold coins of 5 rupees' and 10 rupees' value would, the Chief Commissioner believes, be far more acceptable to the public, and far more generally useful than paper. Their introduction need not necessarily involve the substitution of a gold for a silver standard, or the adoption of a double standard. Gold might be treated somewhat as silver is treated in England, the gold coin being made a legal tender for small payments only, and, being rated in comparison with silver, slightly higher than its intrinsic value.

From Financial Commissioner of Oudh,—dated the 26th June 1866.

I have the honor to reply to your docket, No. 711, dated 23rd February 1866, regarding the working of Act XIX of 1861, and to submit the papers marginally noted, which, with the exception of the Commissioners' Reports, have already been sent direct to the Secretary of the Currency Commission.

No. 71, dated 9th April 1866, from O. D. C. of Fyzabad
No 146, dated 12th April, from D. C. of Gonda.
No. 79, dated 20th April, from D. C. of Baraitch.
No. 380, dated 30th April, from Commissioner of Fyzabad Division.
No. 273, dated 31st March 1866, from D. C. of Pertabgurh.
No. 507, dated 11th April, from D. C. of Roy Bareilly.
No. 47, dated 12th April, from D. C. of Sultanpore.
No. 1530, dated 9th May, from Commissioner of Baiswarah.
Major MacAndrew's Memorandum.
No. 493, dated 9th April 1866, from O. D. C. of Oonao.
No. 322, dated 8th May, from D. C. of Lucknow.
No. 103, dated 26th May, from D. C. of Durriabad.
No. 1257, dated 20th June, from Commissioner of Lucknow.
No. 94, dated 28th March, from D. C. of Sectapore.
No. 233, dated 14th April, and No. 265, dated 2nd May from D. C. of Mohumdee.
No. 103, dated 20th, and No. 112, dated 25th April, from D. C. of Hurdui.
No 178, dated 5th May, from Commissioner of Khyrabad Division.

2. The answers to the categorical questions of the Commission are so uniform that I need not repeat them *seriatim*, and will confine myself to one or two general observations.

3. It is quite clear that there is little *bonâ fide* demand for paper money. Travellers are the only class mentioned as desiring the accommodation. This result is contrary to Mr. Wilson's anticipation, as he deduced from certain practices obtaining amongst Native merchants that they would be glad of the new means of exchange. The proof of the languor of the demand is to be found in the paper being accepted only at a discount ranging from annas 4 to Rs. 2. Thus depreciated, it becomes an article of mercantile speculation, and is bought up to be sold in the dearest markets, namely, at the heads of circles, where it can be cashed at par. Under such circumstances, the new paper becomes odious to the general public, who eschew it as they would light coin.

4. To the question, why is the paper at a discount? the unanimous reply is, because it is not convertible into cash at every Government treasury, and there appears to be an agreement that if it were so convertible it would circulate freely. I confess that I have some doubts on this point. The paper is even now deliverable at par in payment of Government revenue, and the intervals between the instalments are not so long as to cause a feeling of insecurity to the holder of any large quantity of notes. Again, it is very generally urged that, if there

were one common Paper Currency for all India, convertible only at the Presidencies, the convenience would be so great that confidence would soon be created, especially if some discretion were allowed to treasury officers to cash the notes to a limited extent. Such a change would certainly be an immense accommodation to travellers and to persons who have to make distant remittances, including the whole of the European community and most of the great mercantile houses. But I doubt if it would affect the bulk of the people. It has lately been demonstrated that the average distances travelled by Natives on the railway are well within the limits of currency circles, and I believe the interchanges of trade are for the most part so likewise. Most of us have at some time or other felt the inconvenience of passing from the coinage of one nation to that of another in Europe, but the majority of either never crossing the frontier are ignorant of such troubles, and I much doubt if it is the Allahabad note only which the people of Oudh eschew, or that they would view more favorably an universal note.

5. I conceive that the cause of the currency notes being at discount is political distrust, not particularly of our Government, but of all Governments in India. This feeling was necessarily strong during the decadence of the Empire; it has never wholly been dissipated in India, and the events of recent years have revived it in great strength. One frequent overt symptom of it is in the burial of bullion which takes place on the very slightest alarm. I understand that merchants at Delhi lately buried their treasure in consequence of the petty disturbances in Ulwar. It is within my own cognizance that those at Loodianah did so during the second Seikh war, though the enemy was never within 150 miles of the place. It is the same feeling, I apprehend, that is at the bottom of the hoarding so common amongst all classes. Now, it is of no advantage to bury paper.

6. But though I am not sanguine as to a common note circulating at par, I think it would be a great improvement upon the present system, and would be in demand amongst travellers and the more mobile classes, whose example would, to a certain extent, bring the currency into credit.

7. I am in favor of 5-rupee notes. A 10-rupee note must be almost as great a nuisance to the ordinary Native as a 10£ to an Englishman, which in London few shop-keepers will give change for, unless the bearer be personally known to them. Further, the value of the note ought to be clearly exhibited in Hindee and Oordoo.

8. It would seem that the same distrust which taboos paper would send a gold coinage up to a premium. A good deal, no doubt, would go into the melting pot, but not without some relief to the Silver Currency. Pieces of 5 rupees' value would be extremely useful in circulation, but perhaps not of less. The five franc gold pieces in France were most inconvenient, and have, I believe, been withdrawn. I see no use in maintaining the traditional gold mohur,—a piece of Rs. 10 is better in every way.

From Secretary to Government Punjab,—dated the 7th August 1866.

In reply to your letter, No. 13, dated 15th May last, and previous communication, requesting an expression of the Lieutenant Governor's views on the working of Act XIX of 1861 (Government Paper Currency), I am directed to forward copy of a letter from the Secretary to the Financial Commissioner, No. 310, dated 23rd June last. The majority of district officers have already furnished you direct with their answers to the queries put to them. The documents, noted on the margin, are forwarded in original, lest the Commission should desire to refer to them, and I am to request that they may be returned when done with.

From Commissioner, Jullundur, No. 88, dated 18th May 1866, to Secretary to Financial Commissioner.
From Deputy Commissioner, Hoshyarpore, to Commissioner, Jullundur, No. 83, dated 6th March 1866 (without enclosure).
From Deputy Commissioner, Jullundur, to Commissioner, Jullundur, No. 131, dated 2nd May 1866.
From Deputy Commissioner, Kangra, to Commissioner, Jullundur, No. 757, dated 13th April 1866.
From Assistant Commissioner, Pind Dadun Khan, Jhelum District, to Financial Commissioner, dated 6th April 1866.
From Deputy Commissioner, Shahpore, to Financial Commissioner, No. 186, dated 31st March 1866.
From Extra Assistant Commissioner, Delhi, to Financial Commissioner, No. 49, dated 4th April 1866.

The letter of the Secretary to the Financial Commissioner replies to the several queries of the Commission, and it is not necessary for the Lieutenant Governor to refer to these in detail, inasmuch as most of them relate to matters of fact rather than of opinion.

There are some points, however, on which His Honor thinks it desirable to offer a few observations, especially those in which he does not altogether concur in the views expressed by the Financial Commissioner. First, as to the appreciation by the people of the Paper Currency, the Lieutenant Governor believes the Financial Commissioner to be without doubt correct in stating that the amount of notes in active circulation has never much exceeded 25 or 30 lakhs of rupees, inasmuch as notes issued to treasuries for sale must, until sold to the public, be deducted from the amount in "active circulation," as shown in the Return enclosed in Mr. Miller's letter, of which a copy is herewith forwarded. If treasuries supplied with notes could be regarded as offices of sub-issue, which in most respects they virtually are, returns might be furnished, more correctly indicative than at present, of the true state of the case, and the cash which it is really necessary to keep in deposit would be shown with greater precision.

It also appears very certain that, as a general rule, currency notes are used only by Europeans and the banking or mercantile community; their use being virtually, as stated by the Financial Commissioner, almost unknown up to the present time by the agricultural and other population of the interior. The reason of this is, without doubt, that in practice notes cannot be cashed, save exceptionally, without loss, except at the head office. The only remedy for this which His Honor can suggest is but a partial one, *viz.*, that each treasury be authorized by the Accountant General, towards the end of each month, to cash a certain amount of Notes during the following month, but only in single notes and not wholesale. This amount would necessarily be determined with reference to available balance existing in each treasury, and other considerations affecting its probable ability to meet additional claims, and a list of the amounts thus determined should be simultaneously published in the *Gazette* for the information of the public. This measure was recommended by the Lieutenant Governor, when Financial Commissioner, demi-officially, to Sir Charles Trevelyan, as regards all treasuries lying south of Lahore, but it was not acceded to. There may be some objections to it, but His Honor is not aware of them, while he believes that the measure, though obviously incomplete, would greatly increase the popularity of the currency note.

Secondly.—As regards the currency circles now established, so long as each circle has notes of its own, the Lieutenant Governor knows of no sufficient reason for any change in existing arrangements. His Honor is, however, entirely in favor of an uniform note, current in all circles, provided only that the above principle (of "limited liability" so to speak) can be extended to the head offices of the several subordinate circles; the amount of notes which each of these shall be authorised to cash being, in like manner, published in the *Government Gazette* periodically, say half-yearly or yearly; and arrangements being made accordingly for keeping them in funds to that extent. At the principal office of issue, notes to any amount would, of course, be cashed. And it might perhaps be a question whether that office might not be fixed at Bombay more conveniently than at Calcutta.

Thirdly.—As regards the purposes for which notes are used and discount demanded on them, it is, to the best of the Lieutenant Governor's belief, the fact that with comparatively rare exceptions, the sole use to which notes are at present applied in the Punjab is that of making remittances; and the case mentioned by Colonel Lake as an exception—that of payments made for purchase of Government salt—appears to His Honor to be obviously of the same character; the use of notes for this purpose being attributable to the fact that salt dealers at Lahore, or elsewhere, have to remit money to the mines to effect the purchase, and the transmission of notes is found to be a convenient mode of making the remittance. Where remittances have to be largely made, and the required amount of notes cannot be procured from the adjoining treasuries, they may occasionally even bear a premium, as in the case instanced by Colonel Lake. But ordinarily they are invariably at a discount, and, consequently, it must be expected that they will become an article of trade to bankers and money changers, as Colonel Lake states to be the fact. His Honor believes, however, that the extent to which currency

notes bear this character would be materially modified if notes were introduced for the value of 5 rupees—an amount which represents, in whole or in part, the monthly income of a much larger section of the community than the present currency limit of 10 rupees. On this point, therefore, His Honor differs from Colonel Lake, and considers the introduction of 5-rupee notes most desirable.

His Honor also differs from Colonel Lake as to the capacity of the Natives of the country generally to comprehend the nature and value of a Paper Currency. Acceptances of all kinds are, His Honor believes, largely employed amongst them as transferable property. And a notable instance of this occurs in the Punjab in the case of what are called "dakhilas." These are a form of acceptances given at sub-collectorates as representing money paid in for the purchase of salt, on presentation of which at the Customs Office a "pass" for the required quantity of salt is given, and as such they have become freely negotiable; instances even having occurred in which they have not been presented to the Customs Office for delivery of the salt until years have elapsed since the date on which they were granted, being usually in a tattered condition when thus given in owing to constant wear.

Fourthly.—As regards facilities by rail or road, for reinforcing reserves, although the Punjab is tolerably well provided, on the whole, with roads, it is at present much behind the North-Western Provinces as regards railroads. But seeing that the great bulk of the stations of the province are situated on or near the trunk line from Delhi to Peshawur, when that line shall have been completed, this province will be in a very advantageous position. It appears quite unnecessary to dilate on the immense importance of railways to a Government Paper Currency. But it may be remarked that when the system shall have become tolerably complete, the amount to which offices of sub-issue located upon or near a railway may be authorized to cash notes should virtually become almost unlimited, more especially if a Gold Currency should be established.

Lastly.—This brings His Honor to the only remaining point on which he thinks it necessary to offer any remark, *viz.*, the help which a Gold Currency would afford to the Paper Currency. The extent to which gold is at present employed in various forms as a medium for remittance and trade was pointed out by His Honor as Financial Commissioner to Sir Charles Trevelyan in a Memorandum which was published in connection with the proceedings of Council in relation to the Bill for introducing a Gold Currency. It is true that the value of gold in the interior is usually greater than at the Presidencies, and, until used as a currency, it must necessarily become more valuable the further we remove from the place of import. But the enhancement and fluctuation of value will be vastly reduced by the introduction of the railway, and were gold in addition declared a legal tender, His Honor believes that such enhancement and fluctuation would speedily disappear altogether.

His Honor sees no adequate reason, under existing circumstances, for introducing the "sovereign," inasmuch as it does not at present represent Rs. 10, and he believes the introduction of a Gold Currency to have been greatly impeded by the endeavour to introduce that coin. Hereafter, if it should even correctly represent the value of Rs. 10, it would no doubt be highly advantageous to introduce it. But in the first instance, His Honor thinks that the Gold Currency should consist of a purely indigenous coinage comprising the gold mohur, its fractional portions and their multiples. The value of each piece should, he thinks, correspond with the value of a currency note, and it would probably be found that coins of 5, 10, 15, and 20 rupees would be the most convenient. That a gold coinage of this character would be highly valued by the community His Honor has not the least doubt.

Copy of a letter from J. A. E. Miller, Esq., *Secretary Financial Commissioner, Punjab, to* T. H. Thornton, Esq., *Secretary to Government, Punjab,—No.* 310, *dated Lahore, the 22nd June* 1866.

On the receipt of your letter, No. 173, dated 20th March 1866, regarding the operation of the Paper Currency Act, treasury officers were directed to furnish copies of the reports they had furnished to the Secretary of the Currency Commission, and at the same time the

managers of Banks and some of the trading corporations in the Punjab were requested to express their views on the various points raised by the Currency Commission. Although replies have not yet been received from several of those who have been addressed, the Financial Commissioner desires me to delay no longer replying to you, as from the enclosure of your letter, No. 274, dated 19th May 1866, it would appear that the President of the Commission is urgent for an immediate reply.

2. In reply to the first seven questions of the Commission, I am directed by the Financial Commissioner to offer the following observations ordinarily:—Government currency notes are not readily received or paid away at their full value in private monetary transactions. Occasionally, however, such notes are not only at par but at a premium. As a notable instance of this, the Financial Commissioner would refer to the early part of last year, when extensive failures took place in connection with inordinate cotton speculations, and when in consequence of general distrust as to the stability of private firms, Government currency notes sold at Delhi and elsewhere at a considerable premium. Again, when the hoondee rate of exchange is unfavorable in any place where there is an office of issue, Government currency notes are at once in demand. This, however, is an exceptional state of things, and ordinarily discount, varying according to time and place, is charged when notes are cashed. Thus, notes of the value of Rs. 100 and upwards are charged with discount ranging from 4 annas to Rs. 1-8 and Rs. 2 per cent., and notes of smaller value are charged at the rate of 1 anna and 2 annas per note. It must not be supposed that any system of currency we could adopt, however perfect, would put a stop to either discount or premium being charged on the traffic of Government currency notes. The money changers of India make large profits, even when their dealings with their customers are carried on in Silver Currency, and it is not to be expected that they will ever do otherwise when transactions are carried on in a Paper Currency. Still it cannot be denied that the depreciation of currency notes is owing to their not having obtained proper circulation; thus, in the Punjab, where the annual revenue paid into the Government treasuries amounts to upwards of three crores of rupees, the amount of notes in circulation have never exceeded Rs. 47,35,560, and at the close of the last financial year had fallen to Rs. 27,36,220, and are now somewhat less. In point of fact, the amounts specified above represent the value of notes issued from the Currency Office, not only to the public, but to treasuries in which no less than Rs. 13,91,210 were in deposit at the close of the financial year, so that the notes in active circulation with the public at the close of the year only amounted to Rs. 13,45,010, and it is probable that at no time more than 25 lakhs of rupees were in actual circulation among the public of the Punjab. In point of fact, it appears that notes are chiefly used for remittances, and although, under the rules, they are receivable in payment of the Government demand, the only parties who have thus used them are contractors and traders in salt and sugar, by whom customs' duties have been paid to a limited extent in the form of currency notes: the agricultural population do not seem to use them at all; indeed, when a note was shown the other day to a villager only 10 miles out of Lahore, the man, when asked what it was, replied that it was a perwannah. It is not surprising that so startling an innovation as that of a Paper Currency should not rapidly find favor with a people the mass of whom are ignorant, illiterate, and more than ordinarily suspicious of all changes introduced by their foreign rulers. Apart from this, however, for which there is no immediate remedy, there is no doubt that one of the principal reasons for the depreciation of Government notes of the Lahore circle is, that they are only convertible at Lahore and Calcutta.

3. The orders of the Account Department, quoted in the margin, supply an answer to the question asked by the Commission as to the facilities afforded by officers in charge of Government treasuries for the exchange of currency notes for silver and silver for notes. It will be observed that currency notes are receivable in payment of revenue and all other claims of the Government, also in payment of supply bills and transfer receipts; travellers can tender notes of all circles in payment of

No. 185, dated 26th April 1863, Government of India, Financial Department.
Circular No. 145, dated 27th July 1864, Accountant General.
Circular No. 159, dated 23rd December 1864, Accountant General.
Circular No. 15, dated 17th July 1865, Accountant General.
Notification of the 9th March 1862.

railway fares, and railway officials are bound to receive them. Travellers can also claim the privilege of having currency notes of all circles cashed to a limited extent at Government treasuries, and at the discretion of treasury officers private parties may be accommodated on the same terms. On the other hand, treasury officers are authorized to supply freely currency notes of any value they may have in hand, whether in exchange for silver, or in payment of demands on Government. It will be seen that, under the above rules, treasury officers have greater latitude for paying away currency notes in exchange for silver than for receiving currency notes in exchange for silver, and in practice it is believed that treasury officers rarely exercise the discretion vested in them for cashing notes presented to them by private parties unless they happen to be travellers.

4. The Financial Commissioner is of opinion that improved facilities might be given for exchanging currency notes into silver, but with this object he would strongly deprecate any radical change of existing circles. In his opinion, one universal note for all India, convertible only at the Presidency towns and at certain specified treasuries, could not be adopted without danger to the public credit, for it would, on the one hand, be impossible to provide sufficient reserves at the different treasuries at which the demand for money in lieu of notes would vary considerably at different towns, according to the state of the market, and further, such arrangements would greatly aggravate an evil inherent in the present system, which the Financial Commissioner would wish to see remedied. By legally prescribing the commutabilityn of a note of a Lahore circle, both at Lahore and at Calcutta, larger reserves than would otherwise be necessary have to be kept at both places to meet the demand which may be made for cash in lieu of notes, and although, from the fact of the Punjab drawing large cash remittances from Calcutta, this arrangement has counterbalancing advantages, so long as the circulation of notes is not considerable, it will be inconvenient and may prove embarrassing should the circulation of notes in India ever become as large in proportion to other circulating mediums as in England. The Financial Commissioner would recommend a modification of Section 8, Act XIX of 1861, under which notes are payable at the local offices of issue, and at the Presidency town within which such office may be situated. He would propose instead that the Lahore notes be declared only legally convertible at Lahore, and that, under orders of the Government, which may be open to reconsideration from time to time, the treasury officers at the Presidency towns of Calcutta and Bombay, at selected divisional treasuries in the North-Western Provinces, and at the treasuries marginally noted in the Punjab, be authorized to cash, until further orders, all currency notes of the Lahore circle which may be presented by private parties for this purpose. Should it be advisable for any reason to modify these arrangements at one or more of these treasuries, one month's previous notice should be given to the public before such change is carried into effect.

Delhi.
Umballa.
Jullundur.
Umritsur.
Mooltan.

5. The Punjab as a province is dependent upon cash remittances, which are made to it in large quantities from Bengal and the North-Western Provinces, and in smaller quantities from Bombay and Lahore; the capital of the Punjab, and the head quarters of the office of issue, is dependent upon cash remittances which reach it from the eastward, *viz.*, from Delhi, Umballa, Jullundur, and Umritsur. It will, therefore, be to the benefit of Government if Lahore currency notes are cashed at the treasuries specified by the Financial Commissioner, for, by cancelling the notes cashed at the Presidency towns, should the number presented be unduly large, an equivalent amount of cash will be released from the reserve in the Lahore Office of Issue, and the expense of remitting money long distances will be saved. In the same way, if notes are paid in for cash in any considerable quantities at Delhi, Umballa, Jullundur, and Umritsur, it will be cheaper and more expeditious to remit notes to Lahore where money is in demand, than to remit silver. Although the same arguments do not apply to Mooltan, it has been included in the list of treasuries at which notes should be cashed, because it is linked to Lahore by a railway, which will admit of its being easily supplied with funds if necessary, and also because its growing commercial importance renders it advisable to give facilities for the exchange of currency notes. To prevent misapprehension, the Financial Commissioner must add that

although he would declare Lahore notes payable at Bombay, Calcutta, and in the North-Western Provinces, he would not allow the notes of those circles to be payable in the Punjab.

6. The Financial Commissioner would further recommend that the treasuries of Hissar, Rawul Pindee, and Peshawur be authorized to cash currency notes to the value of silver paid in for notes, and also in addition to a sum not exceeding Rs. 30,000 per mensem at each treasury. Although this arrangement is not to the advantage of Government, for cash has always to be remitted in large quantities to Peshawur and Rawul Pindee, and this may necessitate still further remittances, the convenience of the public requires some concession of this kind, which, it is hoped, will have the effect of promoting the circulation of notes.

7. With the same object, the Financial Commissioner would recommend that at some of the principal treasuries, from which surplus collections have annually to be remitted elsewhere, currency notes of the value of Rs. 100 and under be cashed on presentation, so long as the balance in hand is sufficiently large to admit of this being done.

8. Further, the Financial Commissioner considers that special pains should be taken by district officers to explain to intelligent and influential members of the agricultural community that currency notes are receivable at Government treasuries in payment of revenue, for, unless currency notes come into use among the agricultural population, their circulation must continue to be very limited. It will be observed that salt and sugar traders have taken advantage of this privilege, and that landholders not having done so must be attributed to ignorance and dislike of innovation.

9. The Financial Commissioner is not disposed to recommend at present the introduction of a 5-rupee note, as the class of people for whose use such a note would be chiefly required will probably be the last to forego their suspicions regarding the objects of a Government Paper Currency, and consequently, if this impression is correct, 5-rupee notes would not have a larger circulation than notes of a greater value.

10. Questions 10 and 11 have been already answered in the foregoing remarks, and as regards questions 12 and 13, it may be stated that Native bankers do buy up notes at a discount for the purpose of sending them to the head quarters of circles for encashment, and that, unless by the use of notes they can save the premium charged on hoondees, they ordinarily prefer hoondees to notes as involving less risk in transit. With reference to the number of currency notes which are lost in transit by the post, one of the obvious expedients to extend circulation is to improve postal arrangements, so as to prevent such losses taking place so frequently, for there is little doubt that unless this is done, such losses will become more numerous year by year, as those who are addicted to these malpractices find they can commit them with comparative impunity.

11. If, in consequence of giving increased facilities for converting notes into cash, the silver reserves of the treasuries specified by the Financial Commissioner in paragraph 4 were to run short, the reserve at Delhi and Umballa would probably have to be replenished from the North-Western Provinces, in which case advantage could be taken of the rail between Allahabad and Delhi. Mooltan and Umritsur would be supplied with funds from the Office of Issue at Lahore, and Jullundur, from some of the neighbouring districts.

12. In answer to questions 15 and 16, it may be stated that, when the system of currency was first extended to the Punjab, efforts were being made to withdraw from circulation all clipped silver coin, and as at the time the bulk of the Silver Currency in circulation came under the designation of clipped coin, large cash balances accumulated in the Punjab treasuries, but as they consisted of clipped coin they could be turned to no use. During this period, sufficient funds were not available for investment in currency notes, and, consequently, in many districts, a demand arose for currency notes, which could not be supplied; thus, at Delhi, during the panic caused by failures in connection with cotton speculations in the early part of 1865, while currency notes realized in the bazar from 8 to 12 annas per cent. premium for weeks, the treasury had not a single currency note in store, and none could be obtained from Lahore; again, more recently, the issue of notes of the value of Rs. 500 and Rs. 1,000 was prohibited, because they had been largely used in remittances to Calcutta. On

these occasions, and under these circumstances, indents for notes were not complied with, causing more or less inconvenience to the public, and shaking their faith in our currency arrangements.

13. For detailed replies to the questions regarding a Gold Currency, the Financial Commissioner would refer to the answers given by treasury officers. As observed by Major Fendall, Deputy Commissioner of Hissar, gold coin is among the Natives, as marketable a commodity as wheat; they buy at one price, they sell at another, and, further, prices not only fluctuate greatly in different localities, but at different seasons. Thus, the Mooltan Commissioner mentions that the price of gold is affected by the demand for it among the Cabool merchants when they prepare for their homeward trip.

With the above reservations it may be stated that the Government gold mohur bears an average value of about Rs. 15, and that the price of the English sovereign ranges between Rs. 10 and Rs. 10-6, and rose as high as Rs. 11 in the Hissar district last year, when it was visited by His Honor the Lieutenant Governor, and there was a demand for gold coins to present as nuzzurs. The Australian sovereign is not generally known, but fetches a somewhat higher value than the English sovereign, except in frontier stations like Peshawur, where pure gold is easily procurable; the gold coins referred to above ordinarily bear a higher value in the Punjab than in the Presidency towns. The Natives of the Punjab are decidedly fond of hoarding gold, and they use it largely for remittances, but when it circulates, it does not bear an uniform standard of value. They would like a Gold Currency, and gold coins of 15, 10, and 5 rupees are likely to find more favor in their eyes than notes of like value.

The Financial Commissioner is of opinion that a Gold Currency would help the establishment of a Paper Currency, and would also facilitate the convertibility of Notes at outlying treasuries. The mercantile classes would prefer to have silver, gold, and paper in circulation, but it is probable that gold would rarely circulate at par.

14. Bar gold rarely circulates in the Punjab; its purity is ensured by the use of a touch-stone, and sometimes by fire. Native gold mohurs are used to some extent in the Punjab as a means of currency, particularly in those districts which adjoin Native States. A list is appended containing the names of the gold mohurs more or less known in the Punjab; they do not ordinarily sell at their nominal value, but at their real value at market rates, which are affected by various circumstances, affecting for the time the price of gold. This, after all, is the great difficulty which must be met if a Gold Currency is introduced into India. The English and Australian sovereigns are both worth more than Rs. 10 in most Indian markets, and it is not for the interests of the Government to issue them at less than their marketable value, nor will they, under such circumstances, circulate at par. The only alternative appears to be to issue a special gold coinage for India, which shall represent more exactly, than the English and Australian sovereigns do, the value, in most markets of India, of 10 and 5 rupees of silver. It would be easy to use such devices as would render the Indian sovereign readily distinguishable from Australian and English sovereigns, which, like the Native gold mohurs, would command their own market value.

15. In conclusion, the Financial Commissioner would submit that any impatience on our part to bring currency notes rapidly into extensive circulation is calculated, in his opinion, to defeat the object we have in view. Of all the innovations introduced by us into India, perhaps none appears so startling to the mass of the Native population as the tender of Government paper in lieu of coin, and if, in other measures of useful reform, experience has taught us that we must wait patiently for satisfactory results, much more will this be necessary as regards currency operations. We must take special care in India that, in our desire to secure immediate results, we do not imitate the conduct of young children, who one day form a garden and the next day root up all the plants in order to satisfy themselves that they are growing satisfactorily. The Financial Commissioner is of opinion, with reference to the time that a Government Paper Currency has been in force, and the prejudices, ignorance, and self interest which have been arrayed against it, that it has met with as much success as, under the circumstances, might have been expected, and he would strongly deprecate any such radical change as that advocated by many of the officers who have been consulted, and who are in favor of one universal note for the whole of India.

STATEMENT of Gold Coins now or recently current in the Punjab Provinces.

No.	Name and nature.	Weights in grains troy.	Size.	Inscription obverse.	Inscription reverse.	Whence imported, or where struck.	Districts in which now or recently current, with value.	REMARKS.
1	Ushurfee, old Kuldar	186	Circumference 1 inch.	Sikka Zudbur huft Kishwur Shah Alum Badshah Hame-e-deen-e Mohummed Sya Fazle Eelah.	Zurb Moorshedabad, sun 19 Julloos Mamunut Manoos.	Moorshedabad and Furruckabad.	Umballa Rs. 21-4; Thanasur Rs. 21; Simla Rs. 22; Loodianah Rs. 21; Jullundur Rs. 21-4; Kangra Rs. 20-8; Umritsur Rs. 21-2; Goordaspore Rs. 21; Sealkote Rs. 21; Lahore Rs. 21-8; Ferozepore Rs. 21; Rawul Pindee Rs. 21; Jhelum Rs. 21: Mooltan Rs. 20; Hissar Rs. 21-8; Kurnal Rs. 21-4; Dehra Ismail Khan Rs. 20; Dehra Ghazee Khan Rs. 21; Peshawur Rs. 21; Hazara Rs. 21-8; Kohat Rs. 21-8.	
2	Ditto Jeypore...	164	Ditto $\frac{7}{10}$th of an inch.	Mahomed Bahadur Shah Badshah Gaze.	Zurb SawaceJeypore. Julloos Mamunut Manoos.	Jeypore ...	Umballa Rs. 16-9; Thanasur Rs. 16-8; Simla Rs. 16-12 old, Rs. 16 new; Jullundur Rs. 16-4 old, Rs. 15 new; Kangra Rs. 16 old, Rs. 15-8 new; Hissar Rs. 16-8; Rohtuck Rs. 16-8; Sirsa Rs. 16-8; Delhi Rs. 16-6 old, Rs 16 new; Goorgaon Rs. 16-8; Kurnal Rs. 16-8; Mooltan Rs. 16-8; Googaira Rs. 16-8; Dehra Ismail Khan Rs. 16-4; Lahore Rs. 16-8 old, Rs. 16-2 new; Goojranwalla Rs. 16; Ferozepore Rs. 16-4; Umritsur Rs. 16-3; Sealkote Rs. 16; Rawul Pindee Rs. 16-2; Goojerat Rs 16-4; Jhelum Rs. 16; Peshawur Rs. 16; Hazara Rs. 16-8; Kohat Rs. 16-2.	
3	Ushurfee, Furruckabad	185	Circumference 1 inch.	Sikka Zudbur huft Kishwur Shah Alum Badshah Hame-e-deen-e Mohummed Sya Fazle Eelah.	Zurb Furruckabad, sun 19 Julloos Mamunut Manoos.	Furruckabad ..	Umballa Rs. 21-8; Jullundur Rs. 21-4 old, Rs. 20 new; Googaira Rs. 20; Ferozepore Rs. 21; Peshawur Rs. 21-8; Hissar Rs. 16-8.	

STATEMENT of Gold Coins now or recently current in the Punjab Provinces,—(continued).

No.	Name and nature.	Weights in grains troy.	Size.	Inscription obverse.	Inscription reverse.	Whence imported, or where struck.	Districts in which now or recently current, with value.	REMARKS.
4	Akbari Ushurfee ...	182	Square $\frac{7}{16}$th of an inch.	The Kulma, with the addition of Hydar.	Zurb Furruckabad, sun 19 Julloos Mamunut Manoos.	Delhi ...	Thanasur Rs. 20; Loodianah Rs. 18; Sealkote Sqr. Rs. 21, Rd. Rs. $\frac{12}{16}$; Rawul Pindee Rs. 20; Dehra Ghazee Khan Rs. 20; Simla Rs. 16.	
5	Rajashahi ...	165	Diameter $\frac{3}{16}$th of an inch.	Ditto ...	Zurb sun 31 ...	Puttiala ...	Thanasur Rs. 15-8; Loodianah Rs. 15; Simla Rs. 15-6.	
6	Company's Mohur ...	11 5	1 inch ...	Queen Victoria, 1841 ...	East India Company ...	Calcutta ...	Umritsur Rs. 15; Sealkote Rs. 15; Lahore Rs. 15-8; Googaira Rs. 17; Hissar Rs. 15; Rohtuck Rs. 15-8; Delhi Rs. 15-5; Goorgaon Rs. 16; Kurnal Rs. 15-8.	
7	Sovereign, English Gold.	8 0½	1 inch ...	Queen Victoria, 1842 ...	Brittanica Regina ...	England ...	Thanasur Rs. 10-8; Umritsur Rs. 10-4-6; Lahore Rs. 10-10; Delhi Rs. 10-5; Kurnal Rs. 10-8.	
8	Mahomedshahee ...	2 drams 56 grains.	4½ inches ...	Mohummed Shah Badshah Gazee-shahib Kuran Nisam Mobarak.	Zurb Darul Khilafuth Julloos Mamunut Manoos.	Delhi ...	Jullundur Rs. 16; Umritsur Rs. 16; Lahore Rs. 16; Ferozepore Rs. 15-8; Rawul Pindee Rs. 15-12; Peshawur Rs. 15; Dehra Ismail Khan Rs. 16-4; Mooltan Rs. 15-12; Hissar Rs. 16-8; Delhi Rs. 16-6; Kurnal Rs. 16-4; Loodianah Rs. 16-8.	
9	Foreign Gold Coin ..	27½ grains	Eight-anna piece	A Knight with Toonnaures, 1762 ...	Moordprover Forder Belgad Legimp.	.....	Lahore Rs. 5-2.	
10	Russia Rouble ...	6 4	$\frac{3}{16}$th of an inch..	.....	.....	Russia ...	Umritsur Rs. 8-5-6; Goojerat (Budke) Rs. 5-4; Shahpore Rs. 8-8; Peshawur Rs. 8-4; Dehra Ismail Khan Rs. 8-6; Dehra Ghazee Khan Rs. 5.	
11	Lahori Ushurfee ...	10 7	1$\frac{1}{16}$th ...	Gobindfazle, sumbut 1880	Sultanut 1884 ...	Lahore ...	Umritsur Rs. 15-8.	

12	Lucknow Ushurfee ...	10 7	$\frac{7}{10}$th ...	Hameedeen Sikhzudbur huft Kishwur, sun 1229	Sun Mamunut Manoos 261.	Lucknow ..	Umritsur Rs. 15-8; Goojerat Rs. 16-4; Hissar Rs. $4\frac{1}{4}$; Loodianah (Kuldar) Rs. 20; Simla Rs. 16.
13	Bukhara Mohur ...	4 $4\frac{1}{2}$	$\frac{4}{10}$th ...	Ditto ...	Zurb Bukhara, sun 1174	Bukhara ...	Umritsur Rs. 6-6; Lahore Rs. 6-6; Rawul Pindee Rs. 6-8; Dehra Ghazee Khan Rs. 6-10.
14	Akbar Shahi Ushurfee	165 grains	" ...	Sahibi Kiran Badshah Mohummed Akbar Shah Badshah Gazee Mobarak	Julloos Mamunut Manoos Zurb Darul Khilafuth Shahjehanabad.	Shahjehanabad ...	Dehra Ismail Khan Rs. 16.
15	Budkee ...	56 "	$\frac{6}{10}$th ...	Ditto ...	Ditto ..	Belgium ...	Jullundur Rs. 5-6 old, Rs. 5-2 new; Kangra Rs. 5-6 old, Rs. 5-4 new; Umritsur Rs. 5-4 old, Rs. 4-15 new; Sealkote Rs. 5-6; Lahore Rs. 5-4; Jhelum Rs. 5-9 old, Rs. 5-6 new; Shahpore Rs. 5-4; Peshawur Rs. 5-5; Hazara Rs. 5-9 old, Rs. 5-2 new; Kohat Rs. 5-4; Leia Rs. 5; Dehra Ismail Khan Rs. 4-14; Dehra Ghazee Khan Rs. 5-7-6; Googaira Rs. 5-8.
16	Tilla ...	675 "	$\frac{13}{16}$th ...	Ditto ...	Ditto ..	Ditto ...	Kangra Rs. 6-12 old, Rs. 6-10 new; Sealkote Rs. 6-8; Shahpore Rs. 6-8; Peshawur Rs. 6-4; Hazara Rs. 6-8; Kohat Rs. 6-9; Leia Rs. 6-14; Dehra Ismail Khan Rs. 6-7-8; Mooltan Rs. 6-9-6; Jhung Rs. 6-14; Googaira Rs. 6-11; Mozuffurgurh Rs. 6-10.
17	Royal Dutch Ducat ...	3 $8\frac{1}{2}$	$\frac{1}{8}$th ...	Parvae crescent concordea res A. D. 1841.	Moour Begbelgu ad begene Imperii.	Belgium ...	Rawul Pindee Rs. 5-6; Peshawur Rs. 4-15; Hissar Rs. 5.
18	Budkee ...	51 grains	Ditto ...	Zurb Darul Sultanut Tubrej.	Sultan Ibri Sultan Nasinuldin Shah.	Heerat ...	Dehra Ismail Khan Rs. 4-12; Mooltan Rs. 5-3.
19	Bakar Khan Gold Mohur.	46 "	Ditto ...	Ditto ...	Ditto ...	Cabul ...	Dehra Ghazee Khan Rs. 4-14-6; Mooltan Rs. 4-13-6.
20	Mooltani Mohur ..	165 "	7 Lines ...	Ditto ...	Ditto ...	Mooltan ...	Googaira Rs. 17.
21	Shuja-ul-Mulki Mohur	165 "	10 ditto ...	Ditto ...	Ditto ...	Cabul ...	Googaira Rs. 17.
22	Ahmed Shai Ushurfee	$170\frac{1}{2}$ "	$\frac{3}{4}$th of an inch in diameter.	Ditto ...	Ditto ...	Delhi ...	Delhi Rs. 16-4; Kurnal Rs. 16-3.

From Acting Revenue Commissioner, Northern Division, to the Secretary to the Commission for enquiring into the working of Act XIX of 1861,—*No.* 3684, *dated Poona, the* 25*th August* 1866.

Paper Currency System.

Khandeish, No. 1371 of 17th July 1866.
Ahmedabad, No 376 of 23rd July 1866.
Kaira, No. 690 of 27th July 1866.
Tanna, No. 1712 of 8th August 1866.
Surat, No. 1051 of 17th August 1866.

With reference to the P. S. to Mr. Rogers' letter of the 7th instant, No. 3430, I have the honor to forward the replies of the Collectors of the Northern Division to the query put by him to them.

From the Collector of Khandeish, to the Revenue Commissioner, Northern Division, Poona,—No. 1371, *dated Lulling, the* 17*th July* 1866.

In reply to your letter, No. 2999, dated the 12th instant, I have the honor to report that there is no circulation of gold bars or ingots amongst the mercantile community of Khandeish. I have already reported* on the opinions of the public on Gold Currency as per margin.

* No. 1103, dated the 7th June 1866.

From the Collector of Ahmedabad, to the Revenue Commissioner, Northern Division,—No. 376, *dated the* 19*th July* 1866.

In reply to your letter, No. 2999, dated 12th instant, I have the honor to state that from enquiries made by me, it does not appear that gold bars or ingots are in circulation as bullion among any classes of the mercantile community in this Collectorate, as their value is always fluctuating; but a Gold Currency, on the principle of a fixed standard value, would, I understand, be favorably received.

Memorandum from A. Rogers, Esq., *Revenue Commissioner,—No.* 3201, *dated Poona, the* 24*th July* 1866.

The Revenue Commissioner would beg to suggest enquiry being made from the managers of the banks at Ahmedabad.

Memorandum from J. E. Oliphant, Esq., *Collector of Ahmedabad,—No.* 407, *dated the* 31*st July* 1866.

The undersigned obtained his information, in the first instance, from bankers and merchants. Some more details are given below however.

2. Gold bars, gold leaves, and sovereigns are imported and *sold* here to a considerable amount at rates varying with the supply and demand; but so far as the undersigned can learn, these articles do not anywhere circulate, or take the place of rupees among any of the mercantile classes of this part of the country.

3. Mr. Wilson, the banker, says—"The carriage of rupees being very costly, large "sums in sovereigns are brought from Bombay and *sold* here *at a premium*, to be manufactured "into gold leaf to supply the demand of the surrounding country; were the supply of sovereigns "more abundant, it might be expected that they would have the freest circulation *at par*."

Memorandum from the Acting Collector, Kaira,—No. 690, *dated the* 27*th July* 1866.

In reply to the Revenue Commissioner, Northern Division's, No. 2999, dated the 12th instant, the Acting Collector has the honor to report that gold bars are imported into almost all the principal towns of this Collectorate by the mercantile community, but only for sale to

those who require gold for *ornamental* purposes. He is, however, unable to state the value of bars so imported. In those towns where a large number of rich people live, the demand for gold is always greater than in others.

2. The purity and quality of gold are ascertained by applying touch-stone, or melting a piece in case of any suspicion arising as to its internal purity.

3. As regards the favor with which a Gold Currency would be received by the mercantile classes, the Revenue Commissioner is respectfully referred to answers to queries Nos. 22 to 27 contained in Circular, dated 16th February 1866, from the Secretary to the Commission assembled to enquire into and report on Act XIX of 1861, as a copy of which answers has been furnished to the Revenue Commissioner on the 16th April last with this Office No. 355.

From the Collector of Tanna, to the Revenue Commissioner, Northern Division,—No. 1712, *dated the 8th August* 1866.

In reply to your, No. 2999, dated 12th ultimo, I have the honor to state that from the replies to references made to my Assistants, and from my own inquiries on the subject, I believe that there is no circulation of gold bars or ingots as bullion among any classes of the mercantile community in this Collectorate. Gold bars are, however, to be found in possession of sonars for the purposes of their trade, and of shroffs, in the same way as jewellery, as part of their capital. The purity of the gold is tested by the crucible, and touch-stone*, but the bars are nowhere circulated as coin.

* Kussowtee.

2. I [illegible] that gold coins of 5 and 10 and even 15 rupees would be acceptable as currency by the Native community, though there is reason to anticipate that they would afford facility to the establishment of exchange traffic thereon by the shroffs, and that a considerable proportion would be melted down for jewellery, for which the hardness of the English sovereign is especially appreciated.

From the Acting Collector of Surat, to the Revenue Commissioner, Northern Division, Poona,—No. 1051, *dated the 17th August* 1866.

In reply to your letter, No. 2999, dated the 12th ultimo, I have the honor to report that gold bars or ingots have no circulation as bullion in this Collectorate, and that I have reason to believe that a Gold Currency will be acceptable to the Native community for evident reasons of convenience.

From the Assistant Commissioner, Pindadunkhan, to the Financial Commissioner, Lahore,—dated the 6th April 1866.

In reply to your letter, No. 1231, dated the 27th ultimo, on the subject of the use of Government currency notes by the salt traders, I regret that I am laboring under the disadvantage of not having the Government Circular to which you refer at hand to turn to.

I have ascertained, however, from the salt traders that notes are but little used, and so long as there is this facility for obtaining "dakhilas," there is perhaps little hope of any increase in the demand for "notes," but a prohibition to grant dakhilas, though it would certainly increase the sale of notes at, Lahore, would perhaps not tend at all to extend their general circulation; they would be taken at Lahore and paid back either here or at Shahpore.

Native merchants are afraid of notes, and something must be done to raise post office Establishments in their estimation before they will make heavy ventures.

From the Deputy Commissioner, Shahpore, to the Financial Commissioner, Punjab, Lahore,—No. 186, *dated the* 31*st March* 1866.

In reply to the enquiry made in your letter, No. 1230 of the 27th instant, I have the honor to inform you that the only use made of currency notes in connection with the salt trade is by traders of Miance and Pindadunkhan, who send the notes by the hands of messengers to the Collector's Office, and obtain salt rowanahs in exchange. During the last eleven months, notes to the value of Rs. 44,160 have been so paid in, or on an average Rs. 4,000 a month.

Merchants who trade directly on their own account, such as Lobanas, Bunjaras, and others from the eastern districts, bring with them various commodities which are in demand here, chiefly goor, and having sold these, with the proceeds purchase salt; these, who are the mainstays of the trade, as a matter of course, pay cash into either the Pindadunkhan or Shahpore treasuries.

From the Extra Assistant Commissioner of Delhi, to the Financial Commissioner, Western Circle Lahore,—No. $\frac{28}{497}$, *dated the* 4*th April* 1866.

In reply to your letter, No. 1229, dated 27th March, I have the honor to inform you that we have received in currency notes from salt traders the sum of Rs. 25,370.

ANSWERS

FROM

OFFICERS IN CHARGE OF TREASURIES, MANAGERS OF BANKS,

AND

COMMISSIONERS.

CIRCULAR.

TO COMMISSIONERS AND OFFICERS IN CHARGE OF TREASURIES.

SIR,—It being very desirable to obtain accurate local information from various quarters regarding the working of the Act No. XIX of 1861, "to provide for a Government Paper Currency," the Commission assembled by order of the Governor General in Council for the purpose of enquiring into and reporting on the operation of that Act, will be much obliged to you to answer the following queries to the best of your ability, and to send your replies direct to me. A copy of this communication has been sent to the Government under which you are serving, and as the Commission is now in session and the matter urgent, you are further requested to send your answer as early as possible :—

1. Are Government currency notes readily received and paid away by the Native community at their full value in private monetary transactions?

2. If not, what is the reason for their depreciation, and what is the average rate at which they are discounted?

3. What facilities are afforded by officers in charge of Government treasuries for the exchange of currency notes for silver and silver for notes?

4. Are these facilities sufficient; if not, what means can you suggest for increasing them?

5. Do you consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and would you retain it?

6. If not, would you propose to increase the number of circles (still retaining the plan of a separate note for each circle), and, if so, to what extent? Or, keeping the present number of main circles, would you establish offices of sub-issue at the chief local treasuries within each circle, where the note should be convertible on demand as at the head office of issue of the circle?

7. Or, would you prefer the plan of having one universal note for all India, to be convertible only at the Presidency towns, and at certain specified treasuries? Or is there any other plan you would recommend?

N. B.—In replying to these last three questions, please to state fully the grounds on which you give a preference to one plan rather than to the others, specially with reference to the important object of establishing a Paper Currency in the confidence and liking of the Natives.

8. Would you propose a note of the value of 5 rupees, and if so, on what grounds?

9. Are you of opinion that the 5-rupee note would have a larger currency than notes of a greater value?

10. Are notes used much by the shroffs and Native bankers for purposes of remittance?

11. Is it the practice of the shroffs and Native bankers to exact discount in all cases of cashing notes?

12. Do the shroffs and Native bankers buy up the notes at a discount for the purpose of sending them to the head quarters of circles for encashment?

13. Do the shroffs and Native bankers prefer the note to hoondees for purpose of remittance?

14. If your silver reserve runs very low, owing to a large number of currency notes being presented for cash, what facilities by rail or road have you for reinforcing the reserve, and to what department or treasury would you first apply?

15. Has your treasury been unable to meet the public demand for Paper Currency in consequence of your indents for notes not having been complied with?

16. If so, what reasons have been assigned for the refusal to comply with your indents?

17. What average value does the Government gold mohur bear in the bazars in your neighbourhood?

18. What average value does the English sovereign bear in the bazars in your neighbourhood?

19. What average value does the Australian sovereign bear in the bazars in your neighbourhood?

20. Do you think that the coins above-mentioned generally bear a higher value in Mofussil bazars than in the Presidency towns?

21. If so, what is the cause?

22. Are the people fond of gold for the purposes of hoarding and circulation?

23. Would the Natives like a Gold Currency?

24. Are gold coins of 15, 10, and 5 rupees likely to find more favor in their eyes than notes of like value?

25. Would a Gold Currency help the establishment of a Paper Currency, gold being held as a reserve by traders and others, and the notes passing from hand to hand for circulation when people become accustomed to them?

26. Would a Gold Currency assist the outlying treasuries in ensuring the convertibility of the note?

27. What is the opinion of large shroffs and dealers on currency? Do they prefer a Silver Currency alone, or silver and paper, as it at present exists, or silver, gold, and paper?

28. Does bar gold circulate in your neighbourhood; if so, how is its purity ensured?

29. Are Native gold mohurs much used by Natives as means of currency in your neighbourhood?

30. State the names of the gold mohurs?

31. Do they pass for intrinsic value?

32. Or do they bear an artificial value according to their respective denominations, or as proceeding from certain Native States?

I have the honor to be,

SIR,

Your most obedient Servant,

(Signed) DENZIL R. ONSLOW

Secretary to the Currency Commission.

ANSWERS

FROM

OFFICERS IN CHARGE OF TREASURIES.

From the Collector of Agra,—dated the 21st April 1866.

I have the honor, in reply to your Circular of the 16th February last, to forward herewith answers to the questions put regarding the Paper and Gold Currency questions for this country, and beg to inform you that the information contained therein has been principally obtained from those Natives of the city best competent to give an opinion, of whom a certain number were assembled in the presence of Mr. Brown and myself, and the questions thoroughly explained to them.

No. 1.—No.

No. 2.—Because they are not convertible into coin without discount. They are discounted at an average rate of about 1 per cent.

No. 3.—Currency notes of the Allahabad circle have been supplied to all the tehsil treasuries in this district for the convenience of the general public, and especially the rural classes, and there is also a large stock at the Bank of Bengal, where they can always be had for local circulation. Applications are only refused when notes are manifestly intended to be used for remittances to Calcutta and Allahabad.

No. 4.—I consider these facilities quite sufficient to ensure the free circulation of these notes, if they are convertible on demand at the chief local treasuries.

No. 5.—No.

No. 6.—I would propose to keep the present number of main circles and establish offices of sub-issue at the chief local treasuries within each circle, where the notes should be convertible on demand, as at the head office of issue of the circle.

No. 7.—I do not think one universal note for all India would be advisable, as it would increase the numbers so very much that it would make it difficult to trace missing or lost notes, and notes, being convertible only at the Presidency towns and at a limited number of treasuries, would depreciate in value and impede free circulation.

No. 8.—I do not think there is any necessity for the introduction of notes of the value of 5 rupees, as the present minimum of 10 rupees meets all practical requirements, and it is more convenient for small payments to have Rs. 5 in silver than in paper.

No. 9.—I think not.

No. 10.—Not at present.

No. 11.—All shroffs and Native bankers in Agra exact discount for cashing notes, and also the local banks.

No. 12.—Yes, to a small extent, when hoondees are at par in those circles.

No. 13.—Not generally, as the value of a lost note cannot be recovered, while that of a hoondee can by obtaining a duplicate, and there is more inducement to abstract notes sent as remittances than hoondees, as the facilities for dishonestly obtaining money on notes are greater than on hoondees.

No. 14.—Application would be made to the Accountant General, North-Western Provinces, and money could be obtained by rail and road from the neighbouring districts at a very short notice to replace the reserve.

No. 15.—There is scarcely any demand at present for Paper Currency, and we have always had a stock in hand to meet the public demand.

No. 16.- We have never been refused.

No. 17.—15 rupees.

No. 18.—10 rupees.

No. 19.—10 rupees.

No. 20.—They are scarcer in the Mofussil, and are sold at fancy prices, which are higher than their value in the Presidency towns.

No. 21.—They are used as ornaments, and are purchased by travellers when going on a long journey.

No. 22.—They are fond of gold for the purpose of hoarding, because it is not perishable, and possesses the rare advantage of remaining nearly constant in its intrinsic value, but not for circulation, as they find silver more convenient for commercial transactions.

No. 23.—Decidedly, it would be very popular.

No. 24.- They would far prefer the Gold Currency.

No. 25.—This is a question involving prospective results to an extent that the Natives cannot be depended on for an opinion: they are distrustful of the advantage of all changes.

No. 26.—Not more so than silver if offices of sub-issue were established at which the notes could be converted on demand.

No. 27.—Large shroffs and dealers give the preference to silver and gold, as Paper Currency is likely to reduce their exchange profits on bills.

No. 28.—Yes. Its purity is tested by the touch-stone and by fire.

No. 29.—No. They are not current.

No. 30.—Jeypore, Mahomedshahee, and Moorshedabad (oblique and straight milled).

No. 31.—They sell for more than their intrinsic value. Jeypore and Mahomedshahee gold mohurs weigh 165 grains troy of pure gold, and generally realize 16 rupees each, while the market price of gold of the same weight averages Rs. 15-10. The difference of 6 annas is the expense of coinage, at the rate of 6 annas a tolah. The Moorshedabad gold mohurs sell for Rs. 19-12 and Rs. 17-1 each, and weigh about 186 and 202 grains troy respectively. The depreciation in value of the straight milled Moorshedabad gold mohur, as compared with the oblique milled, is in consequence of the impurity of its gold.

No. 32.—The Moorshedabad gold mohurs bear an artificial value, as they are not coined now, and not readily obtainable, and Natives give them the preference for hoarding.

From the Collector of Ahmedabad,—dated the 22nd March 1866.

In reply to your Circular, dated 16th ultimo, requesting answers to the several queries put therein, with reference to the working of the Government Paper Currency, I have the honor to proceed to answer them as follows:—

No. 1.—No.

No. 2.—The principal reasons assigned by the Native community for their depreciation are—

(1). The difficulty of getting cash in exchange for notes either from the Government Treasury or from the Bombay Branch Bank at this station. The latter makes an exchange

(without discount) of silver for notes of the Ahmedabad circle only. The rates at which notes of other circles than Ahmedabad are discounted in the Bombay Branch Bank here range from ½ to 1 per cent.

(2). Want of faith on the part of ignorant Natives in these notes. They naturally place more value on the intrinsic worth of metal coins than in a currency note made of paper. There are minor reasons also, such as the ignorance of figures on the part of the majority of uneducated people in this country, whereby they are liable to mistake a note of Rs. 100 for one of Rs. 10, and *vice versâ*.

No. 3.—The officers in charge of Government treasuries have been directed to observe the following instructions conveyed in the Resolution by the Government of India, No. 43, dated 9th March 1862:—

"That notes are to be received in payment of all demands of Government, but are for the present to be paid only when parties receiving payment do not object.

"That notes are to be cashed at places where there are no branch banks, acting as agents for the Government currency, and then only to a limited extent, and for small sums, as an accommodation to private parties or travellers at the discretion of treasury officers."

Further, the Accountant General, in his Memorandum No. 1059, dated 19th August 1865, directs that every facility be afforded to promote the use of currency notes in the subordinate circle and for exchange of small notes for silver for the comfort of private individuals; but the Government must decline affording such assistance when required for the purpose of trade or commerce.

This department is accordingly guided by the above rules.

No. 4.—In fact, no facilities whatever can be afforded by treasury officers under the rules promulgated by Government. I would, therefore, suggest that this department and the branch of the Bombay Bank be authorized to receive notes and pay cash for them without any restrictions whatever.

No. 5.—No; but the reverse, as the arrangement of circles, with a separate note for each, is productive of great inconvenience, and, consequently, rather tends to discourage than promote the general reception of notes.

No. 6.—Certainly not. Increasing the circles (with retention of the separate note system) would only increase the evil which the establishment of sub-issue offices would not remove.

No. 7.—I would prefer the plan of one universal note for all India, to be convertible at all the Government treasuries throughout India. This arrangement would certainly make a note more popular and useful than is the case at present. Travellers in particular and people in general are often put to great inconvenience by the system of circles with a separate note for each, being sometimes refused exchange, or else compelled to pay a high rate of discount.

No. 8.—I would not propose a note of the value of 5 rupees.

No. 9.—I am of opinion that if all present restrictions to the exchange of notes for cash were removed, 5-rupee notes would be likely to have as large a circulation as 10-rupee notes.

No. 10.—Notes are very rarely used by the shroffs and Native bankers for purposes of remittance for the reasons stated in answer 2, and for want of sufficient confidence in the existing postal arrangements.

No. 11.—It is the invariable practice.

No. 12.—From enquiries I have made, I am inclined to think they do not do so in these parts.

No. 13.—No. Their remittances are almost invariably effected by hoondees, not by notes.

No. 14.—I could arrange to get money from Kaira (24 miles distant) by railway, from Surat (140 miles distant), or Bombay (306 miles distant); I should, of course, apply in order of distance, unless there were reasons to the contrary.

No. 15.—Never, because there has never been a great demand for notes on my treasury.

No. 16.—See foregoing answer.

No. 17.—There is no Government gold mohur in circulation in the bazars in this part of the country.

No. 18.—The average value of the English sovereign is Rs. 10.

No. 19.—The Australian sovereign bears the average value of Rs. 10.

No. 20.—The coins above-mentioned bear a higher value to the extent of an anna or two only per coin in Mofussil bazars than in the Presidency towns.

No. 21.—It is on account of the expense of transit from the Presidency town to Mofussil bazars, and the profit which the dealers in gold naturally lay themselves out to derive from the trade.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—Certainly.

No. 26.—Yes.

No. 27.—Shroffs and dealers would prefer a Gold and Silver Currency, their opinion about Paper Currency not being favorable as the matter now stands.

No. 28.—Bar gold is imported here for the purpose of making ornaments. It is known by the name of "gillee," and is of two kinds, "pankree" and "kosta." The latter is of higher value than the former to the amount of 8 annas per tolah. The supply of this gold (gillee) comes mostly from China. English bar gold (called "chorsa" or "patt") is of higher value than "kosta" mentioned above, the difference being about 8 annas per tolah. The purity of the gold is tested by touch-stone, and the bars bear marks indicative of different degrees of purity.

No. 29.—No.

No. 30.—The following gold mohurs are known at this place:—

	Average value.				
	Rs.	A.		Rs.	A.
Delhi mohur	16	0			
Misur "	8	15	to	9	2
Jeypore "	10	0			
Jhadsee "	10	0			
Bengalee "	10	0			

No. 31.—Yes.

No. 32.—No.

From the Collector of Ahmednuggur,—dated the 9th March 1866.

I have the honor to acknowledge the receipt of your Circular, dated 16th ultimo, and in reply to subjoin a memorandum of the answers to the several questions therein mooted :—

No. 1.—No.

No. 2.—Because they cannot be cashed at par on the spot. Discount is charged according to the current rate of the hoondees.

No. 3.—Before the branch of the Bombay Bank was established here, the following facilities were afforded by the treasury. Notes were received on account of Government dues, and paid away only when parties receiving payment did not object. To suit the convenience of travellers, &c., the notes were cashed to a limited amount.

No. 4.—No. The circulation of notes would be greatly increased if it were compulsory on the local branch of the Bombay Bank to cash them at par. I express no opinion as to whether it would suit the interests of the bank to do so.

No. 5.—I would not retain the present system of a separate note for each circle.

No. 6.—To increase the circulation of notes, it is essential that there should be more offices where notes could be convertible on demand. But I cannot advocate any system which would throw this duty on the treasuries: the business is one of banking, and the treasuries are at present, at all events, unequal to it.

No. 7.—One universal note for all India is preferable, but the offices at which it should be convertible must be within short distances of each other. Notes will then be used extensively as a means of remittance within the Presidency to Central India for cotton, and elsewhere, and will gradually get into circulation. I state this opinion without knowing what expense or difficulty there may be in supplying the demand for coin in exchange for notes which will occur, at all events for some years to come, at certain seasons in all grain and cotton exporting districts. The advantage of the universal note is obvious, as it will be convertible all over India, for instance, by the Bombay cotton merchant in Berar, whereas the note of the Bombay circle is not.

No. 8.—No. There is no difficulty in paying such small sums in coin: laborers and such like persons will not take notes, at all events, for many years to come.

No. 9.—No.

No. 10.—No. Because they are cashed at the same rate as hoondees, and are less safe; if a hoondee is lost, payment can be stopped.

No. 11.—Yes, as a rule, but it would not be the case if exchange were in favor of the town of the head office of issue, that is, Bombay.

No. 12.—Occasionally, if they think they can make a profit by doing so.

No. 13.—No. *Vide* answer 10.

No. 14.—This can never happen, as we should never cash notes to an extent which would inconvenience the treasury. If, under any new rules regarding cashing notes, such a contingency should occur, we should apply to the Head Accountant in Bombay, who would (if he could) reinforce our treasury from Poonah, Bombay, or Candeish. In any case, the treasure would have to travel over at least 70 miles of cart-road.

No. 15.—No.

No. 16.—No.

No. 17.—There is no Government gold mohur. Gold mohurs of Native coinage bear a value according to their intrinsic value in gold, and according to the value of gold at the time.

No. 18.—Something over 10 rupees, but it is not common in the bazars.

No. 19.—It is not known.

No. 20.—A little higher

No. 21—Because it depends on the value of the gold; and gold bears a slightly higher value in the mofussil than in Bombay.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—The three together.

No. 28.—Yes. It is assayed, and the purchaser depends on the good faith of the assayer.

No. 29.—They are not now used.

No. 30.—Lall Soorthee, Mahomedshahee, Augur Furruckabadee, Jeynuggree, Burranpoory, Sindaysaee, Oldsetsaee, Shabadanee, Ghowlkee, Gole Shabadanee, Bhag Nuggree, Kassi, Kaldar, old, new Kaldar, Bombay Soorthee, Alumshaee, Arkuthee, Shreemuntachee of ten figures, Nuggur Sicca, Ali Gover, Rajah Shaoo Chuthruputhee, Tippo Sultan Alumgerry, Ahmedabadee, plain, Delhi Soortee, Jeyporee, Akurburree sequa of the number of 105. Also guineas and sovereigns.

No. 31.—Yes.

No. 32.—No.

From the First Assistant Commissioner in charge of the Ajmere treasury,—dated the 1st March 1866.

In compliance with the request contained in your Circular of the 16th ultimo, received on the 24th idem, I have the honor to annex replies, as far as I have been able to obtain information, on the points referred to, and to forward a memorandum which Mr. A. Don, the Manager of the Branch Bank of Bombay, at Ajmere, has been good enough to give me.*

No. 1.—Not in the Ajmere district.

No. 2.—The reasons are various—

a.—Ajmere being situated in the midst of foreign States, in which Government currency notes are not current.

b.—If the notes came into circulation, the business done in hoondees (which is the principal business among the shroffs in Ajmere) would be greatly affected: hence, therefore, shroffs, &c., will in no way aid the circulation of the notes.

c.—The unwillingness of the population to accept the notes on faith, at their equivalent in Government rupees, when they find cash refused in exchange, and their partiality for hard cash.

d.—The affected fear of losing by a theft the whole of their property if kept in notes; whereas rupeees, they say, are too bulky to be carried off in any large quantity with safety.

e.—The notes not being convertible, on demand, into cash, at the Ajmere Treasury.

f.—The peculiar characteristic of the people not to introduce any change into prevailing customs.

g.—The value of notes would be regulated by the state of the exchange, were they offered at all in business; but few, however, appear in the market.

No. 3.—Notes presented by travellers only are cashed at the Ajmere treasury. There is no demand for notes in exchange for silver. An attempt was made to introduce them into this district last year, but it was discovered that the only use they were put to was to remit them to Calcutta for encashment, at a time when the money market was tight, and were only taken when the shroffs and bankers would have lost by hoondees.

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* See page 524.

No. 4.—The only way I see of increasing the facilities of obtaining cash in exchange for notes is to make the notes of each separate circle payable, on demand, in cash from any treasury within that circle; this would overcome, in a great measure, the opposition of the shroffs, &c., and would for a time cause a run upon any treasury which might be difficult to meet at periods of unusual pressure, &c.

No. 5.—I would retain the present arrangement of separate circles with a separate note for each circle; and discontinue the cashing of notes of other circles at the head office of issue or at the Presidency towns, if the object to be obtained is the circulation of the notes among the population.

No. 6.—Perhaps the circles might be increased, and their limits decreased, a separate note being issued for each, payable on demand in cash only at the treasuries within the circle of issue, or at the office of issue. This would prevent the notes of one circle being made use of for remitting money to another circle, as is done now, and would eventually make the notes circulate among the people of the circle of issue as cash; and there would never be any very great drain on any particular treasury of the circle (provided that the limits of the circle were not too extensive), whereby confidence in the good faith of Government could be imperilled. As a further precaution, however, it might be provided by law that payment of the notes could only be demanded in gold, but that they may be paid in silver or copper coins at the discretion of the treasury officer, should there not be sufficient gold available at the treasury.

No. 7.—An universal note, I do not think, will ever find favor with the Native population, unless payable at all treasuries in Hindoostan, and it would be difficult to meet such a demand, the limits of which could not be ascertained till payment was required; *e. g.*, a shroff at Ajmere requiring five lakhs of rupees at Ajmere might get the notes in Calcutta, Bombay, Nagpore, &c., and present them at the Ajmere treasury to be cashed as received: assistance would have to be got from Agra, the nearest treasury, and the extent of the run could never be known; whereas, by confining cash payments to the notes of each separate circle, the Ajmere Treasury would be advised of the amount of outstanding notes periodically, and, on pressure, could obtain aid from Agra within the circle, whence the notes had been issued in exchange for cash deposited at the office of issue.

Nos. 8 and 9.—Notes of 5 rupees would do very well for circulation among the population in small circles when confidence has been established, and they would not interfere with the business in hoondees, as the notes of larger amounts do; but I do not think that there will be any great circulation until the system is better understood, and the cordial co-operation of the shroffs, &c., shall have been obtained.

No. 10.—The only supply of notes obtained by this treasury from Allahabad was taken for the purpose of remitting money to Calcutta.

No. 11.—There is little or nothing done; in this way but it would depend on the state of the money market, the notes being treated as drafts simply.

No. 12.—Not as business in itself, but when profitable to do so, the notes are used for this purpose.

No. 13.—Certainly not, for not only is it an innovation on their old customs and prejudices; but, if universally adopted, the hoondee business would collapse, they think.

No. 14.—Agra is the nearest treasury, distant 210 miles; communication by telegraph and road; time at present taken in transit about 15 days for carts and bullocks; but if the road was made throughout, and mail carts ran, and Gold Currency introduced, this treasury could be reinforced in three days, sufficient to prevent embarrassment.

Nos. 15 and 16.—A supply is not kept up at Ajmere, since the object Government has in view would not be obtained. The Accountant General called for indents which were submitted with an explanation, and the indent consequently cancelled.

No. 17.—Few come to Ajmere; they range from 14 to 15 rupees.

Nos. 18 and 19.—Few come to Ajmere; they average from Rs. 9-8 to Rs. 10-4.

Nos. 20 and 21.—Not as regards Ajmere.

No. 22.—Yes, for hoarding, as it is less bulky, and is yet tangible, being intrinsically of more value than the Silver Currency, so that there is nothing lost in hoarding it.

Nos. 23 and 24.—From the enquiries I have made among the Native bankers, they appear to deprecate all change for which they say they see no necessity; but if gold coins are made current, they think there will be no more difficulty in circulating them than there is with the ½, ¼, and ⅛ rupee coins, and they prefer gold coins to currency notes.

No. 25.—I think a Gold Currency would be a great aid to the establishment of a Paper Currency, because it would be an innovation, in a tangible form, and one to which the people would soon get accustomed; and when the comfort derived from such a compact mode of currency is found out, it will not be so difficult for them to understand the increased facilities derived from the use of notes.

No. 26.—If notes are made payable at outlying treasuries, gold coins will be indispensable I think, as the delay entailed in counting rupees in exchange for a number of notes would take up too much of the time and attention of the treasurer.

No. 27.—The shroffs have no particular views upon the currency; they are quite content with what they have got. Paper money they do not appreciate at present, as they say it will destroy their chief source of profit (hoondees), and, if anything, they prefer a change in the character of the coin.

No. 28.—Bar gold is now and then obtained through the post for the purpose of making up ornaments.

Nos. 29, 30, 31, and 32.—Not as a means of currency, but as an article of trade: the Jeypore gold mohur, the intrinsic value of which is about Rs. 15-8, is a good deal used, being sent backwards and forwards, its value depending on the market, and ranging on an average between Rs. 15 and Rs. 16, and, during the mutiny, going up as high as even Rs. 24.

From the Officer in charge of the Treasury, Akolah District,—dated the 31st March 1866.

With reference to your Circular, dated the 16th ultimo, I have the honor to inform you that Act XIX of 1861, to provide for a Government Paper Currency, has not been introduced into this district.

From the Deputy Commissioner of Akyab,—dated the 3rd March 1866.

I have the honor to send you replies to the questions contained in your Circular dated 16th February. Mr. Brown, the Collector of Customs, has assisted me in so doing; to the others that he has not replied to, I annex answers.

No. 3.—Currency Notes are only receivable as revenue; but when they are required for silver, they are always given if any are in the Treasury.

No. 4.—Notes would not be accepted in the district, and in Akyab itself. They are only taken when money has been sent to other places on which bills at par cannot be got.

Nos. 5, 6, and 7.—I do not think that notes will answer for Arracan, because there would be no place to exchange them at, save at the district head quarters. They would only be used, and that but rarely, in the town; at the head quarters, under our present system, it would be impossible, save at a great outlay, to have offices of sub-issue in the district. In a climate like Arracan, and with the mat-houses, notes would be speedily destroyed by damp and insects, not to mention by fire. The present system of trade is cash payment, and a want of notes, or of bills of exchange, is not yet felt in the district, and I do not think notes could be introduced.

No. 8.—I would not for Arracan.

No. 9.—I do not think notes would be accepted, save in exceptional cases. If they could be always changed at the treasury, notes for 5 rupees would have a currency in the town, but not elsewhere, save at a discount.

No. 14.—The only communication with Akyab is by steamer from Calcutta, Chittagong and Rangoon, and by dâk boat with Kyouk-Phyoo and Sandoway, where there are treasuries.

Questions 15 and 16 do not apply to this treasury.

Nos. 23 and 24.—Gold, if made a legal tender, would, I think, be liked by all parties, and it would be greatly preferred to notes.

No. 25.—I do not think it would. Gold is very much less bulky than silver. Until the country becomes very much richer than it is, notes for circulation would not be wanted.

No. 26.—There are no outlying treasuries.

From the merchants of Akyab, whose opinion I have asked, I find that paper is not liked; but that they consider a Gold Currency would assist trade.

From the Collector of Customs, Akyab.

No. 1.—Currency notes pass pretty freely in large transactions; but, as a rule, they are a drug in Arracan.

No. 2.—The reason for this is, the want of facilities to convert them into silver. 50 rupees were paid the other day to get a 2,000-rupee note changed.

No. 3.—No facilities I believe—this not being a currency circle.

No. 6.—If Arracan were included in a currency circle, notes would pass more freely.

No. 7.—But if there were one note for all India, and convertible at the treasury here as well as at other treasuries, notes would then be in request. During the season, or from 1st January to 30th April, about 50 lakhs in rupees are imported into Arracan to purchase rice. If then the merchants received remittances in notes, could the treasury give silver for the notes? Notes easily convertible would be in more request; for Natives who come from Madras and the ports on the Coromandel Coast for grain, would remit their money in notes through the post, and not as now bring rupees in their vessel. Traders of this province, who personally purchase goods in Calcutta, would prefer carrying notes to treasure; and the European merchants would prefer getting from Calcutta remittances by notes than by silver. But as I have asked above, could the treasury convert all the notes that would be presented?

No. 8.—A 5-rupee note would be of great convenience in making small remittances to distant places.

No. 9.—There would be more 5-rupee than 10-rupee notes in circulation.

Nos. 10, 11, 12, and 13.—No shroffs or Native bankers in Arracan.

No. 17.—The Government gold mohur sells in Arracan from Rs. 17 to Rs. 18-8.

No. 18.—The money-changers sell an English sovereign for about Rs. 10-4, and charge annas discount to change one; or, in other words, give only Rs. 9-12 for one.

No. 19.—Same remark.

No. 20.—I cannot say; but between Europeans they pass for 10 rupees in small transactions.

No. 22.—They are not fond of gold, but for hoarding, principally in the shape of ornaments.

No. 23.—If gold were made a legal tender, I think they would in time.

No. 24.—Certainly, for hoarding and also for trading, if they be made a legal tender.

No. 25.—Not in Arracan; the trade is limited, and the people of the province would not take kindly to notes. If a man took a note, he would rush to the treasury for silver or gold, that is, if he required the money in Arracan.

No. 28.—Bar gold does not circulate.

No. 29.—Native gold mohurs (nor indeed any other description) are not used as means of currency.

No. 31.—Gold mohurs are only purchased in Arracan for ornaments, and in some cases for hoarding. They fetch more than their intrinsic value.

No. 32.—What is termed the old gold mohur is in demand, and stands at a higher premium than the Government gold mohur.

From the Deputy Collector, Allahabad Treasury,—dated the 7th April 1866.

I have now the honor to furnish replies to the questions put in your Circular dated 16th February last. I could not do so earlier, as it was necessary to make careful enquiries respecting the various points upon which information is sought.

No. 1.—At Allahabad, yes; that is to say, if a party has money owing to him, he will not object to receive payment in currency notes of the Allahabad circle at par, because he knows that such notes can at once be converted into cash at the Office of the Deputy Commissioner at this place.

No. 2.—If a note is taken to a mahajun to change he will charge discount, even though it be of the Allahabad circle. The rate of discount will depend upon circumstances. It is difficult to specify any sum.

No. 3.—The officer in charge of the Allahabad Treasury has no concern with the business to which this question refers, as there is a currency office here which supplies the public with notes. My orders are simply to accommodate *travellers*, by cashing to a moderate amount any notes they may have of *other circles*.

No. 4.—No answer required from me with reference to the preceding paragraph.

No. 5.—Decidedly not; on the contrary, I believe the present arrangement to be in a great measure obstructive to the free circulation of the notes.

Nos. 6 and 7.—I would propose but *one* circle for all India, and the notes to be convertible into cash at *any Government treasury*. To avoid the inconvenience of a sudden rush upon any one treasury, a certain reserve might be kept for this purpose, the amount of which should be regulated by the ordinary receipts and disbursements of the month, and this reserve should not be exceeded; in other words, notes to a specified amount may be cashed, if required, each month. I believe that some such plan as this would assuredly tend to facilitate the circulation of the notes: I do not think it probable that any appreciable difficulty would be felt in giving effect to such a plan; while, on the other hand, it would sensibly raise the note in the estimation of the Native community, as there would then be the certainty of converting it into cash *at any time* and *at any place*. It is because of the difficulty that exists in the way of getting full value for the note, save at the seat of issue, that the Natives generally avoid having anything to do with the Paper Currency.

No. 8.—A 5-rupee note would be of advantage, generally speaking; but it would be chiefly used by Natives for making remittances, as it is not always easy to get hoondees for small sums.

No. 9.—Yes, for the reason given in the preceding answer.

No. 10.—Not generally; they prefer their own hoondees; the reason is obvious. If a hoondee is lost, they can always get a duplicate; but if a currency note is lost, the money can only be recovered with difficulty by a process that is dilatory, troublesome, and expensive.

No. 11.—Yes.

No. 12.—It is believed that they do not make a *trade* of it; but if a quantity of notes be received in the way of business, they are taken at a discount of 6 annas, or whatever may be the ruling rate for hoondees, with 2 annas per cent. added to cover the cost of getting the notes cashed at the head office, *i. e.*, the cost of bringing the specie from the bank or currency office.

No. 13.—No; see answer to question No. 10.

Nos. 14, 15, and 16.—Not applicable to Allahabad, which is the head quarter station of a circle of issue.

No. 17.—Rs. 15-8 to Rs. 15-4 and less sometimes; the value is always fluctuating.

Nos. 18 and 19.—Not much known here; but Rs. 10 may be got for the English and Rs. 9-10 for the Australian sovereign.

Nos. 20 and 21.—No data on which to rest an opinion on this point.

No. 22.—Yes, but bar gold is preferred for this purpose as well as for making up into jewellery; this is owing to the fact of the current value of the gold mohur being fluctuating and uncertain. It is said that after the mutiny large quantities of gold mohurs had been secreted under ground which had been purchased in the market at Rs. 22, but which three or four years later were dug up and re-sold at a loss of 2 and 3 rupees on each.

No. 23.—Yes.

No. 24.—Decidedly. The Natives can understand the value of gold coins, and have long been accustomed to them; but paper money is a novelty, which, looking to the inconveniences connected with its possession in a mercantile sense (in the *Native* acceptation of that expression), is naturally not much in request among them in comparison with gold.

No. 25.—This might help in some degree in the attainment of the object in view, *i. e.*, the free circulation as money of the Government currency note; but until the difficulties above touched upon are removed, it is very doubtful whether the note will come into general favor among the Native community.

No. 26.—I can offer no opinion on this point.

No. 27.—Silver and Gold Currency preferred to paper.

No. 28.—It is kept as bullion, but is not in circulation. There are certain tests by which the purity of the gold is assured.

No. 29.—No.

Nos. 30, 31, and 32.—The following are the standards known here and the rates at which they may be generally purchased.

The gold being pure, these coins are more highly prized; but they are not ordinarily used in monetary transactions:—

			Market Value.	
			Rs.	As.
Gold Mohurs of the reign of the Emperor Mohamedshah		...	15	12
Ditto	ditto	Akbar ...	16	8
Ditto	ditto	Aurungzebe ...	15	10
Ditto	Jeyporee	Mintage ...	15	14
Ditto	Lucknow	ditto ...	14	12
Ditto	Benares	ditto ...	15	0
Ditto	Moorshedabad	ditto ...	19	6
Ditto	Charyaree or square gold mohur		20	0
Ditto	Nujeebshahee	...	15	4
Ditto	Alumshahee	.	15	10

From the Deputy Commissioner of Paper Currency, Allahabad,—No. 730, dated the 30th April 1866.

I have the honor to forward a reply to your Circular of 16th February last, prepared by Mr. Gay, who is in working charge of the Paper Currency office of this circle.

2. I hope to forward my own reply to the Circular in a day or two. As Mr. Gay has exclusive charge of the working of the department, I thought it best to call on him for a separate report.

Replies to Questions of the Currency Commission.

No. 1.—No.

No. 2.—The causes of the depreciation of notes are, I think, in this circle as follows:—

(1). The utter novelty of a Paper Currency and the difficulty of comprehending the notes experienced by those who cannot read, or, at any rate, read English.

(2). The unfitness of the notes for hoarding.

(3). The limited facilities for obtaining cash for notes.

(4). The vexatious rules relative to stopping lost notes and obtaining payment for imperfect notes.

Information as to the average rate of depreciation will be furnished by the treasury Officer.

No. 3.—The rules in force in this circle are—

Notes are given for cash to all persons freely in moderate amounts, *i. e.*, unless there is good reason to suppose that large amounts of notes are required simply for remittance to Calcutta, while at the same time the issuing treasury is not in want of cash.

Cash is given for notes in moderate amounts to accommodate private persons, and notes of other circles are cashed for the convenience of travellers, but treasury officers are prohibited (unless in want of notes) from cashing notes for banks.

No. 4.—I think those facilities are scarcely sufficient. I should like to see notes of Rs. 10 (and Rs. 5, if introduced), cashed freely at all sudder treasuries, unless presented in such large numbers as to be evidently used for trade remittances, and I think the above rules should be *very* liberally interpreted.

No. 5.—No.

No. 6.—I think both these plans unadvisable.

No. 7.—One great objection to the present separate circles is, that their various notes differ so little in appearance that persons constantly take notes, which, on attempting to pass, they find to be not a legal tender,* and this creates a dislike to, and distrust of, the really current notes; of course any increase in the number of circles would greatly magnify this evil. With regard to the creation of offices of sub-issue, where the notes would be compulsorily convertible on demand, such a plan would, from all I can learn in this circle, involve the maintenance of such large balances at these offices as to be practically impossible, and the effect would be that Government would bear the expense of bank and trading remittances. This has already occurred to some extent from notes being payable both at the office of issue and at the Presidency town. Of course, all these objections equally apply to a scheme of issuing

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* I am aware that this uniform appearance of the notes was purposely ordered by the Home Government, but then it was supposed that "in all ordinary cases, a Lucknow note would be cashed at Lahore, and *vice versâ*." See Financial Despatch, No. 158, dated 15th September 1862, paragraph 41; also paragraphs 37-40.

one note for all India *compulsorily* payable at the three Presidency towns and certain other large stations. I think the expenses of conveying specie and keeping up large balances at all these points would be enormous. I think one of two plans should be adopted, either—

(1). Let there be one issue of notes for the whole of India, *compulsorily* payable only at Calcutta, but, for the convenience of the public, cashed at all treasuries, so far as it can be prudently done; or

(2). If the present circles are maintained, the notes of each circle should differ greatly, so that they may be distinguished at the first glance: the facilities of conversion above mentioned should be given, except that there appears to be no sufficient reason for making them compulsorily payable at the Presidency town.

This last provision seems to have been introduced from the analogy of notes issued by branch banks, but the same reasons hardly apply to a Government currency conducted like that of India; moreover, in some cases, the English Government has thought it right to waive this provision in the charters of colonial banks.

No. 8.—Certainly I would propose a 5 rupee note. I am not at all sure that such a note would be remunerative to Government, or, at first at all events, very popular; but without it, I think, the experiment of a Paper Currency can never be fairly tried, and its introduction would greatly tend to familiarize the people with the use of notes, and thus promote the circulation of those of higher value.

No. 9.—I think the *number* of 5 rupee notes circulated would soon be considerably larger than of any other denomination; but I am doubtful as to the gross *value* of the circulation; for instance, in this circle of issue, on 6th March, the numbers of notes in circulation of 10 and 1,000 rupees respectively were—

		Number.	Value.
Notes of Rs.	10	21,866	2,18,660
„	1,000	453	4,53,000

and it seems doubtful whether, maintaining the 10 rupee note, the circulation of a 5 rupee note would exceed in value that of the 1,000 rupee note.

No. 10.—Yes, for remittance to Presidency towns, and those where currency offices exist.

No. 11.—Yes, in all ordinary cases. On the other hand, I heard lately of a case in which currency notes were at a premium, being required for purposes of remittance in greater numbers than they could be obtained from the local treasury.

No. 12.—Yes, when the course of exchange makes it profitable to do so.

No. 13.—Certainly not in ordinary cases, and for this, I am informed, they allege the following reasons:—

(1). If a note is lost altogether there is no redress, whereas a second bill of exchange is easily procured.

(2). If a half note is lost, a great deal of expense, trouble, and loss of interest is incurred before a refund can be obtained.

(3). Notes are not readily convertible.

Nos. 14, 15, and 16.—These questions, of course, are inapplicable to this office, but I may observe that it would seem to be a very hazardous experiment to allow any one treasury to apply for funds to a neighbouring treasury without the sanction of the Accountant General. It has occasionally happened that indents for notes have been refused or modified; this has occurred when they have appeared to the Accountant General to be evidently for larger amounts, or for notes of higher value than could be required for *bonâ fide* circulation. In these cases, attention has been called to the rules for issuing notes, and I am informed that a delay occurred on one occasion, owing to the reduced state of the balance at the Allahabad Treasury rendering it impossible to purchase the notes required until remittances arrived.

Nos. 17, 18, and 19.—These questions will be better answered from the local treasury.

No. 20.—I am informed that they do, because (21) the supply is more limited, and the demand is generally greater than the supply.

No. 22.—The people are certainly fond of gold for hoarding and for converting into ornaments, &c.; but I am informed that, from its being at a premium on the nominal value, none has for a long time passed in ordinary circulation. If, however, there were a sufficient supply for this purpose, it is clear that there is no objection whatever on the part of the Natives to receive it in circulation, and in many cases (23) they would like a Gold Currency.

No. 24.—Yes, except for remittance purposes.

No. 25.—I cannot see how this would be the case. If the notes are a legal tender there is no occasion for any one (except the Government) to keep a reserve against them. If, for example, banks or traders were to keep a reserve of gold against the notes they pay away, they would simply lose the interest on that reserve without obtaining any compensating advantage.

No. 26.—From its greater portability than silver, gold could, no doubt, in case of need, be remitted more quickly in aid of a treasury that required it, but this is the only assistanc that, I think, a Gold Currency would render.

Nos. 27 to 32.—I understand that full enquiry into the subject of these questions has been made by the Revenue Board here, and the result will appear in their report. Instead, therefore, of replying to them, I will mention two other matters not exactly falling under any of the preceding questions.

The Paper Currency has hitherto been left to grow up without any assistance whatever, and it seems to be generally allowed that it has disappointed expectation. This being the case, might not the experiment now be tried of aiding it in the manner sanctioned for Bank of England Notes in the Bank Act of 1844 (7 and 8 Vic., C. 32, Sections 23, 24).

By this Act (though for a different purpose) the Bank of England is authorized to allow certain bankers interest at the rate of 1 per cent. per annum on the average amount of notes kept in circulation by their agency. If an arrangement of this nature were introduced here, the *Native* bankers would have a direct interest in extending and explaining the use of currency notes, and this active co-operation would be very valuable.* The Government would be no loser if the circulation increased, and the payments should (as in England) cease after a certain time.

I have already alluded to the vexatious nature of the rules relative to stopping lost notes and obtaining payment of imperfect notes. If a man reports to this office that he has lost a whole note, I am instructed to "*require*" him to advertize his loss in the *Gazette*. (I need hardly say that I have no real power to enforce any such thing). If he complies with this requirement he soon discovers—

(1). That as no refund of the value of the note will be made to him, he has incurred additional expense for no purpose.

(2). That the advertizement will serve as a warning to any wrongful possessor not to pass the note without great precaution.

Again, if a lost half note is reported, whatever the amount, and whatever the position and residence of the loser, I am instructed not to make any payment except under the following conditions:—

(1). Three separate advertizements of the loss must appear, two in the *Allahabad Gazette*, and one in the *India Gazette*.

(2). The loser must give a stamped bond of indemnity to Government for twice the amount of the lost note.

(3). He must find as sureties two residents in Allahabad.

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* It will be seen that this plan is very different from granting a monopoly of issue to one bank. Of course, the issue through district treasuries (at present in this circle by far the largest channel) should go on as before.

(4). He must wait three months for his money.

(5). The money must not be sent to him by post office order, transfer receipt, half notes, &c., but must be paid in person to him or his agent at Allahabad.

The cost of these separate advertisements and of the stamp forms a heavy charge on a small note, and the inconvenience of conditions 3 and 5 to persons living in remote places can easily be imagined.

The strictness of these rules is much felt and talked about, and tends, I am assured, very appreciably to render the notes unpopular.

From the Deputy Commissioner of Allahabad,—dated the 16th May 1866.

No. 1.—Government currency notes are readily received and paid away by the Native community in this station and city, and to a limited extent in the district. They are taken at their full value. It is known generally that they can be cashed on presentation at the Currency Office, and on this faith they are readily accepted as a convenient form of the currency.

No. 2.—But this favorable rate—acceptance at par—does not exist equally in other stations, for there is not the same facility for cashing the note. Cash for it is refused at the Government treasuries. Hence it is not readily accepted (excepting by a dealer), therefore its value is depreciated. It loses its original character as a draft at sight, and assumes the character of a foreign bill, good no doubt, but not easily negociable excepting under certain circumstances. The rate of discount varies much, according to the state of the money market and the course remittances are taking. In Cawnpore, during the last few days, the discount has been ½ to ¾ per cent.

No. 3.—Government officers at district treasuries are not allowed to accept these notes, excepting in small sums, as to accommodate a traveller; hence away from Calcutta or Allahabad, a note of this circle (and it is the same with notes of other circles) loses its character of a currency note, as I have before said, and becomes a foreign bill, liable to fluctuations in value according to the current demand and the state of the exchange.

No. 4.—These facilities are not sufficient ; in fact, there are no facilities offered; and the circulation of notes is impeded in exact proportion as the facilities for their conversion affect their value. The means for increasing them are answered in questions Nos. 5 and 6, and appear to be—

1*st.*—To have one note for all India, and offer facilities for cashing it.

2*nd.*—To increase the number of circles, with separate notes.

3*rd.*—To have one note and offices of sub-issue.

4*th.*—Or to combine or transpose two or more of these conditions.

No. 5.—I consider the present system of three circles whose notes are not accepted, excepting at the head-quarters of their circle, or at Calcutta, and whose notes are not interchangeable, is not calculated to promote the circulation of notes. Numbers of reasons might be advanced, but they all resolve themselves into one general reason—the want of facility for cashing the notes; the certainty, that unless all calculations are correct, and all untoward contingencies anticipated and allowed for, that the superfluous Notes will not be drafts at sight, but bills of a peculiar description, which the holder must either retain until opportunity occurs for cashing them at, or remitting them to, their head quarters, or he must dispose of them at a loss.

I consider the present system of three circles, with separate notes for each, as it defines the area within which each is current, contracts the general circulation. The circulation becomes *local*, as distinct from general. Hence all large transactions extending over wide limits

are excluded from benefitting by this circulation. But the wider the limit, the greater the transaction, generally speaking; and, therefore, the greater is the impediment to the working of the Paper Currency.

Hence I consider the present arrangement of circles (there being no offices of sub-issue) is not well calculated to promote the reception of a Paper Currency by the Native population, and I advocate its modification.

No. 6—I have for a long time had by me a scheme for establishing offices of sub-issue at local treasuries, each being subordinate to an intermediate or divisional treasury near at hand, and these intermediate divisional treasuries again being all subordinate to, and controlled from Allahabad.

I beg to submit this scheme.

These intermediate centres can conveniently be at the principal station of each Commissioner's division.

The whole of these provinces, and Oudh would thus be divided into divisional circles.

I assume that it is required to arrange for the circulation of 50 lakhs of rupees worth of notes on this scheme. I would apportion.

	Rs.
To the main office at Allahabad	20,00,000
Lucknow for all Oudh	10,00,000
Meerut	5,00,000
Bareilly	5,00,000
Agra	5,00,000
Benares	5,00,000
	Rs. 50,00,000

These notes to be interchangeable for the notes of each other branch, but to be cashed only in their own circle or commissionership.

Each of these divisional treasuries to exchange quarters of its notes with the other divisional treasuries.

The Allahabad notes to be cashable only at Allahabad, excepting on permission according to cash available, to be obtained from Allahabad. This permission to be publicly advertised in the *Paper Currency Gazette* to be issued weekly.

The Allahabad office to retain a portion, say half of the notes of each divisional branch, sending to each an equal amount of Allahabad notes.

And I have above arranged for each branch being supplied with a certain quantity of notes of all other branches.

So the centre at Allahabad on each branch divisional treasury is thus supplied with a proportionate defined quantity of Paper Currency, interchangeable, and to be cashed on presentation up to its appointed limit.

And similarly each district treasury might be supplied with a given number of notes belonging to its divisional office, and the same system be pursued by them also; that is, each district to exchange a fixed portion of its allotted whole with the other districts in its divisional circle.

The Allahabad notes to be returned from the districts of the whole circle as received, unless instructions are issued from Allahabad, allowing them to be detained for a period for re-issue on Allahabad.

And similarly the notes of each divisional circle to be returned to divisional head-quarters from districts.

Thus Allahabad would start with Rs. 20,00,000 of its own notes—

It would exchange—	Rs.	Rs.
With Lucknow	2,50,000	
„ Meerut	1,25,000	
„ Bareilly	1,25,000	
„ Agra	1,25,000	
„ Benares	1,25,000	
and each divisional branch would have its own proper issue of	5,00,000	
of which it would distribute in exchange to Allahabad ...	1,25,000	2,50,000
To the three other divisional branches in equal portions	1,25,000	

retaining the remainder for its own local issue in its own circle to districts. So it is evident that each branch could never be called on for more cash to meet notes than Rs. 2,50,000.

And the revenue of each district being on an average, say 15 lakhs of rupees a year, and there being five districts (in some six) to a division, each divisional treasury might command the treasure in its own circle—75 lakhs of rupees, and this sum being paid in half-yearly, there would be no chance of cash failing to meet a demand. There would still be a wide margin, within which the issue of Paper Currency might be increased. It may be said this scheme would interfere with hoondees and banking. I believe it would not do so, for this reason: when notes are lost, a refund of their value cannot be obtained without the loser undergoing a tedious elaborate process, extending over nearly three months. He has to appear at head quarters, find good securities, &c. No trader, who would usually transact business through a bank, could afford to leave the bank (Native or English) for the currency office, and run the risk of all the delays I have mentioned, should he lose his notes. He would be ruined in the mean time. If he loses a draft or hoondee, he can get a duplicate in a day or two. Hence, I believe, the notes would be used as an accommodation only, instead of cash, and simply as a legitimate Paper Currency.

I believe by this scheme, or something approaching it, the note circulation might be doubled or trebled. I have worked on a low basis of 50,00,000 rupees, assuming it to be the very lowest that could be contemplated.

I believe if it were an object, discount might be obtained.

I would have one note for all, affiliating them to divisional branches, stamping the name of the divisional branch and district on it. The Bank of Bengal has thus affiliated Government notes of each circle, stamping them "Lucknow," "Benares," &c., and receiving them at par, as its own, though it charges on all Government notes.

Thus, the notes of the Bareilly divisional branch would be stamped "Bareilly," and beneath that in notes issued to districts, the district would be stamped also.

Every office should communicate weekly with its chief, whether divisional or at head quarters.

And I would put the whole under the Account Department, making the Accountant the controlling officer.

I have given the above scheme with reference to the existing circles, but I believe one circle for the Presidency would be preferable. In this case, I would authorize certain treasuries, the well known centres of trade, or in the course of the money traffic, to receive stated amounts of notes of other Presidencies in exchange for notes of this Presidency under orders from the head office.

Were there one note for the whole Presidency, each district might be directed to receive and cash a certain amount monthly, according to its capabilities, which would be known to the Accountant General, who would advertise the amount each treasury might meet in the *Weekly Paper Currency Gazette.*

No. 8.—Native opinion is in favor of a 5-rupee note. The 10-rupee note is beyond the reach of thousands, who could command the 5-rupee; all small sums would be remitted in them, and Native travellers, and they who travel on pilgrimages or other purposes in hundreds of thousands, would use them, if there were greater facilities for cashing them.

No. 9.—I have answered this in the affirmative in the last answer.

No. 10.—Notes are much used by Native bankers, but not by shroffs, for remittances. The shroff is a money-changer, buys and sells notes and cash, but does not remit; when he does remit, he merges into the banker or mahajun, but the two businesses of shroff and Banker are distinct.

No. 11.—Shroffs exact discount, and charge a premium as they do on pice, rupees, and gold mohurs. It is the very essence of their trade. Bankers will generally receive the notes at par for small amounts, but it depends entirely on the course their remittances and trade are taking. The want of facility in cashing the note rules this transaction, and makes the note a bill at once. They will take the notes at par in large cities on the chance of their coming into use, but never to any great amount, unless, as I have above said, they see their way out of the transactions by exchange or direct remittance.

No. 12.—Shroffs I except in general when treating of bankers. Each banker has a shroff whom he employs, and whom he may commission to buy notes for him; they in fact work in correspondence, but, after all, it is only the banker who is to be considered. My informant on this head is the largest banker in this city, who is the treasurer for the Bank of Bengal and the Currency Office. He informed me that the very day I interrogated him, his agent at Cawnpore had sent him 600 notes of this circle, purchased in the few days previous at Cawnpore at a discount from 8 annas to 12 annas per cent., and this was his constant practice.

No. 13.—For remittances, notes are used when the remittance is direct to head quarters of this circle or to Calcutta, and especially from Calcutta to this place. For instance, the railway remit all their pay monthly for all establishments here, or paid from here, in notes obtained at the head office in Calcutta. But, as I have above said, there is always the risk of loss and its subsequent delays and inconvenience; this deters many from their use, the preference being given to the hoondee.

No. 14.—Here the silver reserve is, according to orders, to cover the issue, excepting a comparatively small sum invested. If a difficulty were to arise, there would be the Bank of Bengal to fall back upon. There could be no embarrassment on the line of rail and telegraph. No Indian banker hesitates to postpone payment of drafts at sight for a day or two, should the amount be very great and there have been no advice. This is understood in Indian banking, and, similarly, people would not question a similar request for accommodation in any Government treasury, but the difficulty, I believe, would never occur, for the reasons I have above given.

No. 15.—Does not apply to this office.

No. 16.—Ditto.

No. 17.—The Government gold mohur is very seldom heard of. It has been supplanted by the sovereign. The gold mohurs are usually at a discount of 1 or 2 annas each; now they are at a premium of 1 anna, and have been at a premium ever since the block of goods on the railway commenced a temporary rise in value only owing to a special demand.

No. 18.—The English sovereign bears a slight premium, generally 1 anna, in these bazars; it is scarce; the lighter coloured coin is preferred to the redder coin, as the former is considered purer in the alloy. The old dragon is the least valued; though pale in colour, it is suspected of being light, or tampered with; but why there is the latter suspicion I cannot find out. "So it is" is the Native reply.

No. 19.—The Australian sovereign is slightly preferred; it is always of pale gold; but the difference between it and the English sovereign, of either colour, is so light that it can hardly be called more than a capricious preference.

No. 20.—These coins to the best of my belief are unknown, excepting in the principal towns. There they are more valuable than in the Presidency towns. Large remittances are received in the larger towns from the Presidency. They go notably to Delhi, Umritsur, and down to the Deccan; the term Mofussil bazars is used in the question; this term would appear to apply to bazars in small provincial towns, other than the principal town in each district. In these small provincial towns, the sovereign is, I believe, almost unknown, and even in the capital towns of remote districts, I doubt if one could be obtained excepting as a curiosity or as a favor. Probably not 20 could be obtained in any one place in these provinces, excepting in about 15 of the principal cities.

Nos. 21 and 22.—The people of these provinces hardly know of gold as a circulating medium. They obtain it when they can for hoarding, and they hoard silver in great quantities. Could they get gold, they would hoard it in some cases instead of silver. Now gold being scarce, a poor man, were he seen with a gold coin, there being no gold circulation, would at once be suspected of having obtained it by some foul means, so he is obliged to hoard silver. As soon as a poor Native has obtained a few rupees, he must either spend it or hoard it, for he cannot invest it; and this hoarding a little store of money extends far up in the ranks of society. There are no means of investment for Natives in this country, excepting in land and in trade; there are thousands of the middle classes whose means will not admit of investment in either; they live from hand to mouth, and hoard the remainder. The more important bankers and merchants will not be bothered with their small accounts. The small traders are thoroughly untrustworthy. The middle classes have not one of the thousand means of investing money which they have in really civilized countries; hence if they do not spend, they must hoard, both middle classes and poor. It is this that drives all who can possibly manage it to invest in land, and a very losing investment many of them find it; land is forced to a fictitious value, it has more than doubled in value in eight years; but numbers who invest in land, wishing it to be a permanent investment, find they have not the knowledge to manage it, or the landlord's power or instinct to manage their tenants, and they have to part with it again. At the present rate of sales of land, the whole area of this district will change hands in six years.

I have entered into this digression to show that the people must hoard, for they have no means of investing; that the poorer classes cannot hoard gold now, and also that the smallest gold coin being beyond their means, or rather beyond the value of any probable individual want, the millions must continue to hoard silver.

No. 23.—The opinion of respectable Natives of average intelligence and knowledge is, that a Gold Currency would "be a good thing," but none understand any thing about it, excepting the bankers and traders.

No. 24.—Bankers and shroffs alike have told me they would prefer coins of Rs. 10 and 5. The Rs. 15 gold mohur has never been popular. It is too high for general transactions. In small sums they give the preference to gold over notes. If there was a small Gold Currency, there would be far less necessity than there is now for small notes. It is in large transactions that the note is sought for.

No. 25.—I doubt if a Gold Currency would much help the establishment of a Paper Currency, if there was a greater facility for cashing notes. If the notes are to be cashed in future only, as at present, every body would naturally prefer gold to notes, unless in very large transactions, when the actual mass of gold coin would be an inconvenience. The people do not doubt the Paper Currency. As they do at home, so they do here; they take the reserve for granted, but the notes will never pass from hand to hand and be thoroughly current until there is a greater facility for cashing them.

No. 26.—This question assumes that the note is to be cashable at an outlying treasury. Why should a Gold Currency assist the outlying treasury in converting this note excepting

into gold? The *outlying* treasury will be replenished by the current coin (whether gold or silver, or both) from its own district twice a year, and probably in the same proportions of gold to silver that the gold issue will bear to the silver issue.

No. 27.—Large bankers and dealers to a man prefer the combination of the three—paper, gold, and silver; they say each will assist the other, and the accommodation will be great. The difficulty of a legal tender might be got over by making silver the legal tender up to Rs. 100, and beyond that sum let the gold be a legal tender, in the proportion of ¾ gold to ¼ silver; up to a certain amount and beyond that again gold alone might be legal. These relative amounts might be decided by reference to the banking members of the community.

No. 28.—Bar gold, or rather the brick of gold, does not circulate here, though it is always to be purchased. It circulates, or rather only changes hands, amongst the most wealthy dealers, and they say they never doubt its purity; they assay a portion at times. It is sold to jewellers, and is not current as a circulating medium. I should here add that sovereigns are melted down in thousands by these jewellers. Of the many uses gold is applied to in civilized countries, but one use is known in India, *viz.*, to manufacture clumsy ponderous jewellery. The demand for this is immense. A dealer here has been often commissioned for thousands of sovereigns for Delhi and the South Central Provinces. He says the fancy is capricious; he has received orders for a quantity of red sovereigns and again for pale ones. Unless the gold issue were protected, this demand for gold jewellery would withdraw thousands from the circulation. Might not the gold issue be protected by a facility being given for the issue or circulation, or obtaining a proportionate amount of bar gold to meet the great demand for jewellery? But then the sovereigns must be all of one kind, and the bars or bricks be exactly similar, or there will be some capricious fancy to frustrate all calculations.

Nos. 29, 30, 31, and 32.—Native gold mohurs are not used at all as a means of currency in this neighbourhood. The only gold coins ever seen are a few Government gold mohurs and a few sovereigns. When Jeypore gold mohurs are to be got, they are bought up by jewellers to melt down for manufacturing jewellery.

From the Deputy Commissioner of Paper Currency, Allahabad,—dated the 20th June 1866.

I have the honor to submit a second note on the Paper Currency, prepared by Mr. Gay, in charge of the Paper Currency Office here. I think his suggestions appear to be good, and as they affect the whole circulation question beyond the actual limits of his department, I have ventured to forward them to your Commission.

SUPPLEMENTARY NOTE for the Currency Commission with reference to questions Nos. 5, 6, *and* 7 *in their Circular.*

Since forwarding my replies to the Circular of questions proposed by the Currency Commission, the subject of questions 5, 6, and 7 has again been raised with especial regard to the coin lying idle as a reserve against notes actually held in Government treasuries, and also with regard to the insecurity of the present method of supplying treasuries with notes.

I have already stated the objections to "sub-circles of issue," *i. e.*, to the establishment of offices where, as well as at the chief office of the circle, notes would be payable on demand; but the most important treasuries (perhaps eventually all) might, I think, be made agencies to the currency office of the circle with great advantage.

The change I propose is purely departmental, and I think a permission to the deputy commissioner of the circle to keep a portion of his notes and coin in certain stated treasuries under the charge of the collector would be all the authority required.

These treasuries should then be supplied with a certain amount of notes which (or their value in coin) should be held completely distinct from the general balance in a separate chest, and entirely at the disposal of the Currency Department.

The public would have no more *right* to demand coin for their notes at these treasuries than they have now, but, practically, the notes could be more freely cashed as, until all the coin held on behalf of the Currency Department was exhausted, no diminution would take place in the treasury balance.

The usual method of supplying treasuries with notes is to send them by registered letter or dâk banghy (the notes of 500 and 1,000 rupees only being cut in half): the post office officials consider a registered letter the safer mode of the two. But I see in the *Gazette* that quite recently seven registered letters were stolen at once, and it would appear that both plans involve considerable risk; indeed in to-day's *Gazette* the public are expressly cautioned against sending whole notes through the post.

This risk is incurred, because at present these remittances are very frequent, and the expense of separate escorts for each would be very great; for, as all the notes must be paid for before they leave the Currency Office, the treasuries cannot lay in a stock for more than a short time without inconveniently reducing the Allahabad balance. If central treasuries were carefully chosen as agencies, treasure escorts or return escorts could almost invariably take charge of remittances of notes without additional expense, thus avoiding the risk of the post or the necessity for cutting the notes, which last is very unpopular with the public.

To sum up then the advantages which, I think, this plan would give strictly as regards the Paper Currency circulation—

No. 1.—Notes would be far more freely cashed at important treasuries than they are now.

No. 2.—Notes should be circulated to treasuries without risk and without disfigurement.

No. 3.—There would be a saving of the expense of remitting coin to Allahabad to enable that treasury to purchase notes.

But more important general financial results would follow:—

No. 1.—An immediate liberation of a part of the various treasury balances now held unprofitably* for the convenience of the public in the form of a stock of currency notes, and a consequent reduction in the amount of the balance necessary to be kept at these treasuries.

* I say "unprofitably," because the Government orders are not to issue them, unless the payees are willing to take them; and it is useless to ignore the fact that many are not willing to take them, hence a sufficiency of actual coin must be kept to meet all treasury liabilities.

No. 2.—These treasuries might be aided on an emergency by a remittance of notes which would liberate a corresponding amount of coin, and would be far more quickly remitted than the actual coin itself; or still more simply by a transfer from a remitting treasury's general balance to its currency agency account, and a *per contra* transfer at the treasury requiring funds.

No. 3.—On the other hand, the knowledge that he can exchange any notes held on behalf of the treasury for coin held for the Currency Department, may enable a treasury officer to remit (if required) a larger amount of coin than he could otherwise prudently spare.

In conclusion, I am anxious to anticipate one or two objections that may probably suggest themselves.

I would have this "chest" at the agencies treated like the reserve account here, *i. e.*, only drawn upon occasionally and not for daily transactions; thus the necessary account for the Currency Office (precisely similar to that already sent from every treasury to the Accountant General) would give scarcely any trouble.

It might certainly become necessary if large issues were made at these agencies to remit money to strengthen the central reserve, but this is now *always* done before the notes are issued; whereas, under the proposed plan, it would only be occasionally necessary, especially as it is apparently intended that the Currency Office in case of necessity should call on the neighbouring treasuries for assistance.†

† See Financial Despatch from Secretary of State; No. 47, dated 26th March 1860, paragraph 17.

In the report of the Deputy Commissioner of this circle of issue, he recommends that the Currency Office should be placed under the Accountant General: this appears to be in any case of great importance to the economical working of the Paper Currency. The Accountant General has control over and knowledge of the treasury balances throughout the circle of issue, and it is only through him that the Government can take advantage of the fact that it holds a large amount of notes in its own possession, and thus save the expense of keeping a reserve against them, as if they were in the hands of an adverse claimant.

From the Deputy Collector of Allyghur,—dated the 7th March 1866.

I have the honor to acknowledge the receipt of your Circular dated 16th February, and to reply as follows to the several questions therein contained:—

No. 1.—Government currency notes are not readily received and paid away by the Native community in private monetary transactions.

No. 2.—The reason, I am told by Native bankers, is that the greater portion of the Native community, which is composed of the poorer and more ignorant classes, will have nothing to do with notes. For instance, cultivators will not receive them for cotton purchased from them, so that when Native bankers do get them, they have to apply to the treasury officer to cash them. If they fail in getting them cashed at the treasury, the notes remain on their hands till they either send them to Calcutta, or any other station at which they can be converted into money, or are required by other bankers or Europeans.

No. 3.—If I can possibly help it, I never refuse to cash a note at my treasury. I only decline to do so when I have too many notes in store, and too little money; and to enable people living in villages out in the district to exchange silver for notes, a supply of notes has been sent lately to all the tehsildars.

No. 4.—The facilities the public have at present for changing silver for notes are quite sufficient, but not those for changing notes for silver,—*vide* answer to questions 5 to 7.

No. 5.—I consider the present arrangement of circles, with a separate note for each circle, not at all calculated to promote the reception of a Paper Currency by the Native population, because a note of one circle cannot be cashed in another circle, except for the convenience of travellers.

Nos. 6 and 7.—I would abolish all circles, and have one universal note for all India, and would recommend the establishment of offices of sub-issue at the head quarter station of every Revenue Commissionership, where notes should be convertible on demand.

No. 8.—I would propose the issue of notes of the value of 5 rupees each, simply on the ground of convenience, because I have often felt the want of a note of lower value than Rs. 10.

No. 9.—For the same reason, I think, they would have a larger currency too.

No. 10.—On enquiry I find that notes are not much used here by shroffs and Native bankers for purposes of remittance.

No. 11.—I am told that shroffs and Native bankers here do not exact discount in cashing notes of the Allahabad circle. This, I think, is owing to my cashing these notes as much as I possibly can. Calcutta notes are discounted at an average rate of 12 as. per cent., and sen down to Calcutta. Very few notes of other circles find their way here.

No. 13.—Shroffs and Native bankers do not prefer notes to hoondees for purposes of remittance, because they are not so safe, hoondees being traceable if mislaid or lost in transit.

No. 14.—If I were *obliged* to cash notes of all kinds, and my silver reserve ran very low, I could obtain money without much delay from any of the treasuries marginally noted. All, save Meerut, are on the line of rail, and before very long the line will be opened to Meerut too. I would have to apply for any money required through the Accountant General, unless direct application were allowed.

Delhi. | Agra.
Meerut. | Etawah.
Cawnpore.

Nos. 15 and 16.—My indents were on one or two occasions cut down, and I was instructed not to issue notes to parties who required them for the purpose of remitting them to Calcutta A very large quantity used to be bought up by bankers from Delhi; and as it appeared to me that they required the notes to remit to Calcutta, I have lately refused to let them have any. The treasurer of the Delhi Treasury used to take the greatest quantity.

No. 17.—The average value a Government gold mohur bears here is Rs. 15.

Nos. 18, 19, 20, and 21.—The English sovereign goes by the name of guinea among Natives: its average value may be set down at Rs. 10-3. The value up here depends on the selling rate at Calcutta. The Australian sovereign is not much known about here.

No. 22.—Natives like gold for hoarding, but prefer silver for circulation. Gold has, during the late heavy cotton speculations, been much used by merchants at Hattrass as convenient to send with their agents to Calcutta and down the railway on payments.

No. 23.—The Natives consulted say they have no particular wish for a Gold Currency. They prefer silver to gold, and would prefer gold to paper, because paper can be destroyed by white-ants, rats, &c., whereas gold cannot.

No. 24.—For the same reason they would prefer gold coins of 15, 10, and 5 rupees to notes of the like value.

No. 25.—A Gold Currency would help the establishment of a Paper Currency only by being received by the public for notes in lieu of silver, and gold would only be received readily instead of silver, if the coins were made of such small value as to be as convenient as the rupee. Gold coins of the value of 5 rupees each even would not be received readily for notes. Natives, in general, would prefer to take 10 rupees in silver to two gold coins of 5 rupees each for a Government currency note of Rs. 10.

No. 26.—A Gold Currency would assist outlying treasuries in ensuring the convertibility of the note, if gold coins were of small value, not otherwise.

No. 27.—The Native bankers consulted say they would prefer a Silver Currency alone to silver and paper, or silver, paper, and gold; they prefer silver to paper, because they are in continual dread of losing the latter; and they prefer silver to gold, because coins of the former are of smaller value, and therefore more convenient for the poor.

No. 28.—Bar gold does not circulate here.

No. 29.—Native gold mohurs are not much used by Natives as means of currency in this neighbourhood, but are melted down into ornaments.

No. 30.—The gold mohurs used here are those of Delhi, Jeypore, Lucknow, Umritsur, and Moorshedabad.

Nos. 31 and 32.—They pass for intrinsic value. The Moorshedabad gold mohurs are heaviest, but those of Delhi and Jeypore are said to be made of purest gold, and are held in the greatest estimation.

Remarks by Collector.

The above answers I fully concur in. A gold circulation might, with certain restrictions, be advantageously introduced to help the Paper Currency.

From the Deputy Commissioner, Amherst District,—dated the 13th March 1866.

I have the honor to tender the following replies to the queries communicated in your Circular dated 16th ultimo (received by me on the 10th instant), on the above question:—

No. 1.—Yes, but their use is limited.

No. 3.—Every facility.

No. 4.—Yes.

Nos. 5 and 6.—No.

No. 7.—Yes, because it is undoubtedly the most convenient plan, and most generally liked; certainly most acceptable to Natives.

Nos. 8, 9, and 10.—No.

No. 11.—Yes.

No. 12.—No.

No. 13.—I think not.

No. 14.—Not applicable here.

Nos. 15 and 16.—No.

No. 17.—None.

No. 18.—Rs. 10-4.

No. 19.—Rs. 10.

No. 20.—No.

No. 21.—They are better known in the Presidency towns.

No. 22.—Yes, but for making into ornaments.

No. 23.—Doubtful.

Nos. 24 and 25.—Yes.

No. 26.—I cannot say.

No. 27.—None here.

Nos. 28 and 29.—No.

Nos. 30, 31, and 32.—None.

From the Deputy Collector of North Arcot,—dated the 6th April 1866.

I have the honor to forward, as requested in your Circular dated 16th February 1866, my replies to the queries therein appended to—

No. 1.—They are received and paid away at their full value in large towns and commercial centres, but not, I believe, in smaller more out-of-the-way places.

No. 2.—I believe they often are discounted at smaller places, because they are not easily negotiable at public treasuries.

No. 3.—Notes are received for silver in the Government treasuries to a limited extent from travellers especially, and from others also, and notes are sold to all except merchants, who use them for the purpose of remittances.

No. 4.—I consider that these facilities are insufficient, and the facilities that would promote a free circulation of these notes could only be secured by the removal of the present restrictions respecting them.

No. 5.—I consider that the present arrangement of circles, with a separate note for each circle, is a bar to the promotion of a free circulation of currency notes, inasmuch as the notes of one circle are not freely cashed in another, except when tendered in payment of Government dues. I would not recommend the retention of separate circles.

No. 6.—I propose that notes should be freely issued from every Government treasury, and cashed to the extent of the money received in their purchase. If this restriction is not made there will be a constant drainage of money from the treasuries, which we may not be able to meet at times.

No. 7.—I would propose the issue of separate notes for each Presidency payable at all treasuries if possible, but they should be freely cashed at the Presidency towns and the district treasuries.

No. 8.—I would have no Paper Currency lower than Rs. 10. I do not think a lower value necessary for the present requirements of the country.

No. 9.—Possibly it might, but I do not think this a reason for having a note below Rs. 10 in value.

No. 10.—Notes would doubtless be universally liked if not hampered with present restrictions. I believe these restrictions are absolutely demoralizing in their effects on commercial relations.

No. 11.—No instance of this nature has as yet been brought to light.

No. 12.—I cannot say, but I should not think so.

No. 13.—They do, but if notes were made freely negotiable, they would prefer notes.

No. 14.—The treasury from which we receive silver in the Madras Bank, and as the district treasury is only 18 miles from the line of rail, the facility of getting fresh supplies of money is great.

No. 15.—Never.

No. 16.—Never.

No. 17.—A 15-rupee gold mohur is sold at about 4 annas premium.

No. 18.—The English sovereign of Rs. 10 is valued at a premium of 3 or 4 annas at present.

No. 19.—The Australian sovereign of Rs. 10 value is sold at a premium of 1 anna.

No. 20.—Yes.

No. 21.—The cause is that they are brought all the way from Madras, where they can be had in any quantity, and merchants speculating in this way naturally charge a premium.

No. 22.—They are.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—They would prefer Silver, Gold, and Paper Currency.

No. 28.—Bar gold is not in circulation, but is purchased for the purpose of making jewels.

No. 29.—No, they are scarcely procurable.

No. 30.—The following gold mohurs are not procurable now, but were in existence some years back:—

Rassi,	Poonah,
Sultan,	Delhi,
Wallace,	Surat Jayanagarum.

No. 31.—They do, and are always sold at a premium higher or lower, as the case may be.

No. 32.—Native gold mohurs are not procurable in this part of the country.

From the Deputy Collector of South Arcot,—dated the 28th March 1866.

With reference to your Circular, dated 16th February last, received on the 3rd instant, calling for certain information regarding the working of the Government Paper Currency Act, I have the honor to submit the following answers to the several queries therein contained:—

Nos. 1 and 2.—At the Presidency town and at all chief stations in the provinces, notes are readily received and paid away by the Natives at their full value in all private monetary transactions, and are, I should say, even preferred to payments in cash as being more convenient and tending to save the trouble involved in the tedious process of counting, while the risk of receiving counterfeit coins is also guarded against. They do not, however, supersede the very usual and convenient mode of making payments, which prevails only at the Presidency town, especially in regard to large payments, *viz.*, that by means of cheques or drafts drawn on banks and houses of agency, wherein the parties drawing the cheques have deposited their money, but in the majority of other cases, payment in notes is more common

than payments in cash. The state of things is, however, different in the interior of the country, where the people are comparatively much less enlightened and of a suspecting character, and where the same or even nearly equal facilities do not exist for cashing notes in consequence of the absence of Government treasuries or the restrictions placed in cashing notes. Notes seldom find access into such parts of a district, but when they do, they are not afterward-easily and readily negotiated, but are received and paid only at a discount; the amount of which is generally moderate, and in no cases exceeds what may be considered a fair and adequate remuneration for travelling to the nearest station where the notes can be cashed. The rates of discount vary, therefore, at different places in proportion to their distances from the treasury stations and the greater or less facilities available for cashing; but, if the party receiving payment wishes to send remittances to his friends or relatives residing at the chief treasury station, a discount is never demanded on the notes when tendered, being very convenient for purpose of remittance. I mention this circumstance to show that notes are not, as a rules discounted even at remote places, and that where discount is demanded and allowed, it is only in consequence of the absence of a Government treasury near at hand where the notes can be readily converted into silver. In consequence of the varying circumstances above mentioned under which notes are discounted, it is difficult to arrive at any thing like a correct average of discount; but, considering that under the most pressing necessity for coin, the holder of a 100-rupee note cannot afford to lose more than a rupee in its exchange, the average rate of discount may approximately be assumed at 8 annas for 100 rupees.

No. 3.—The rules under which notes are exchanged for silver and silver for notes at Government treasuries, may be briefly summed up as follow:—

1*st*.—That silver can only be demanded as of right in exchange for notes at the several Presidency towns and at the head offices of issue of the several circles whence they have been issued.

2*nd*.—That notes are to be cashed at places where there are no branch banks acting as agents for the Government currency, and then only to a *limited* extent, and for *small* sums as an accommodation to private parties or travellers at the discretion of treasury officers.

3*rd*.—That in the localities distant from the banks, Government treasuries should give small notes in exchange for silver when required by private individuals for remittances on account of their own private affairs, but that it would be very objectionable if this were carried so far as to interfere with the legitimate operations of private enterprise, or with the system of supply bills to which the public are accustomed.

4*th*.—That notes are receivable in payment of all demands of Government, but are to be issued only when the parties receiving payment do not object.

No. 4.—The general spirit of these instructions has been carefully observed, and treasury officers have accordingly been guided in their currency transactions with the public; but the facilities afforded by these rules are, in my opinion, not at all sufficient. The restrictions under which notes are now issued from, and cashed at, the local treasuries are felt as a source of inconvenience by the Native public and tend to destroy their confidence. The community at large are not in a position to understand the details of the arrangements made by Government, and the general impression is that the Government who issued the notes ought to be able to give silver for them at any of their treasuries, and the moment that a treasury officer refuses to cash a note from whatever cause, suspicion and distrust are created, and notes are thenceforward never received, or, if received, only sparingly. The best and surest way, therefore, of gaining confidence is by removing all restrictions and introducing a system under which notes to any extent may be cashed and issued at every district treasury limited only by the demand, and it is only when arrangements have been made to give such facilities that a system of Paper Currency can be considered to have been established in the confidence and liking of the people.

Nos. 5, 6, and 7.—Bearing this object in mind as of primary importance, it will be necessary, in considering the relative merits and defects of the plans described in queries 5, 6, and 7, to determine precisely how far one is superior to the other as possessing this advantage in a greater or less degree, and whichever can be worked so as to afford the greatest facilities to the public may, without hesitation, be pronounced to be the best.

The present arrangement of circles, with a separate note for each circle, does not, it seems to me, commend itself to Native ideas. The arrangement is, no doubt, convenient to Government in respect to funds, and it will certainly be a convenience to the people also, provided no restrictions are placed against the cashing of the notes. To say nothing of the limitations and restrictions under which alone notes of each circle can be cashed at the treasuries within that circle, the difficulties thrown in the way of cashing these notes at the treasuries of other circles are felt as a serious inconvenience, the facilities now afforded for this purpose being only to a limited extent and for *bonâ fide* travellers only. It often happens that people have to send remittances on their own account to their friends and relatives residing in districts comprised in other currency circles. These remittances cannot be sent in notes, because they are not readily convertible into silver in the circles to which they are sent. Moreover, the distinction of circles, however convenient and simple it may be, is a source of confusion to the Native mind, and the community at large cannot be expected to understand the reason of the restrictions placed in the cashing of the notes at the treasuries of other circles. The system of circles, with a separate note for each circle, is not, therefore, convenient to the general public, the facility for these notes being *readily* convertible into silver, and silver into notes, at the several offices of issue being felt as an advantage by the people residing at the stations of issue only. The circles, as at present constituted, being limited in number, and the range of each circle which comprises many districts being extensive, places situated at remote distances from the office of issue of the circle enjoy no means whatever for cashing their notes, the facilities afforded at the Government treasuries for this purpose being limited at the discretion of treasury officers to a small extent and for limited sums as an accommodation to a few private parties or travellers.

As I have already stated, any system of Paper Currency to be liked by the Natives should afford unlimited facilities for cashing notes. The present arrangement of circles, as I have shown, does not accomplish this end, and I would not, therefore, recommend its retention. Neither would the proposal to increase the number of circles accomplish this end fully, for, while by narrowing the range of each circle and increasing the number of issue offices, additional facilities are afforded for cashing notes on demand within the respective circles, the arrangement fails to furnish any such facilities to the general public. On the contrary, it tends to diminish the facilities now enjoyed by them by narrowing the range of each circle of currency. Thus if a present currency circle comprising four districts is split up into two, each comprising only two districts, the transactions which were carried on in notes between these four districts will necessarily become limited to the two districts forming the new circle, and this will certainly be felt as a serious inconvenience by private parties and traders who may wish to send remittances to their friends and relatives in other circles; and, though facilities may be afforded, as at present, for cashing the notes of one circle at the treasuries in another, yet as this can be done only to a very limited extent, the inconvenience is not, I consider, effectually remedied. Moreover, the confusion to the Native mind, resulting from differences in notes and distinctions of circles, is increased by the proposed arrangement to multiply the number of circles and it will no doubt be admitted that an arrangement, however simple and easy it may be to legislators and officers of Government, cannot recommend itself to the people if it fails to reach their comprehensions easily and readily.

The third plan proposed, *viz.*, that of keeping the present number of main circles and establishing offices of sub-issue at the chief local treasuries within each circle where notes should be convertible on demand, is decidedly an improvement over the other two, but it is not clear whether by chief local treasuries at which it is proposed to establish offices of sub-issue is

meant all district treasuries or only some of them. If it is intended to establish an office of sub-issue at every district treasury within each circle where the notes of that circle are to be readily converted on demand, the circulation of the notes of each circle within the limits of that circle will, no doubt, be very greatly facilitated, but the difficulty now felt in cashing the notes of one circle at the treasuries of another will continue, and any arrangement which does not provide for such facilities being afforded to the general public must be viewed as partial and incomplete. Also, the distinction of circles and notes which, as already stated, is not liked by the community at large will be kept up. I would recommend, therefore, that this distinction be done away with altogether, and that either the plan of an universal note for all India, or that of a general note for each Presidency, be introduced. In either case, I would propose to establish offices of sub-issue at every district treasury where notes should be paid and issued without any restrictions whatever as to the amount, the extent of the transactions being limited only by the demand. The apprehensions usually entertained of the silver reserve at the several treasuries running low under such an arrangement are not, in my opinion, sufficiently well grounded. The rule under which the supply regulates itself by the demand is of general application, and if the currency transactions of the public are left unrestricted and uninterfered with, the demand for silver will be regulated by the receipt of silver into the treasury in exchange for notes, and therefore, as a rule, the demand for silver and that for notes will be equal except perhaps under any special and very extraordinary circumstances when there may be an influx of silver into one treasury and that of notes into another, and, in such cases, arrangements may easily be made for restoring the stock of silver in the treasury whose resource has been exhausted.

Under the arrangements proposed by me, *viz.*, that of having one general note for each Presidency with central offices of issue at the Presidency towns and offices of sub-issue at every district treasury, the facilities to the public for cashing and obtaining notes are unlimited, and the circulation of notes throughout the Presidency will be encouraged and promoted. These facilities are, I consider, sufficient, and it will not be necessary to increase them by allowing all the subordinate talook treasuries also to issue and cash notes in the same unrestricted manner. It will be sufficient if these subordinate treasuries are permitted to do this to a limited extent as a convenience only for travellers.

As an essential part of this arrangement, I would propose that the district treasuries, which are to be sub-offices of issue, be allowed to issue notes without any restriction, and that the whole amount of specie received in exchange for these notes be retained as a reserve in the treasury to pay such notes, with the exception of the small proportion to be invested in Government securities as provided in Section 10, Act XIX of 1861.

Every district treasury should, as a rule, be a sub-office of issue, but, where in consequence of the close proximity of two adjacent district treasuries, or where they may be situated on a line of railway thus rendering access easy, an exception may be made, and it will be sufficient in such cases if one of the district treasuries be made an office of sub-issue, selection being made of the more important and central of the two places.

This arrangement can be worked with a very slight increase to the district treasury establishment, while the abolition of the present currency circles will render the establishments of the several issue offices unnecessary. The increase to the district treasury establishment may be so regulated as not to exceed the saving effected by the abolition of the several issue offices, while the advantages of the proposed arrangement will be highly esteemed by the public.

Under the plan proposed by me, each Presidency will become a currency circle with a central office and sub-offices of issue at the Presidency town, and at the several district treasuries respectively, facilities being afforded at all these places for readily cashing and issuing notes without any limitations. It may be asked whether the objections I have urged against the present system of circles do not apply to that proposed by me, and, though it should be admitted that in principle they do apply, I am inclined to believe that practically no inconvenience will be felt by the people, the extent of the circle being so much enlarged and facilities

being afforded throughout the Presidency for the cashing and issuing of notes. It will, no doubt, be still more convenient to have an universal note for all India, provided the same facilities as those I have recommended can be afforded at every district treasury, besides at the Presidency towns, but the proposal that the notes should be made convertible only at certain *specified* treasuries, besides the Presidency town, is not likely to afford sufficient facilities, at least so far as this Presidency is concerned, the districts being very extensive as compared with those of the other Presidencies. It is not, therefore, more than what public convenience demands that facilities should be afforded at every district treasury for cashing and issuing notes.

With a separate note for each Presidency, the notes of one Presidency may still be cashed at the treasuries of another as an accommodation to pilgrims and other travellers who are the only parties likely to travel beyond the Presidency limits. In other cases, also, similar facilities may be afforded for cashing other Presidency notes, but under certain limits, and it is not likely that in consequence of the facilities thus afforded, these notes will be presented for payment to any inconveniently large extent.

No. 8.—A note of the value of 5 rupees will certainly be very useful and convenient principally for purposes of remittances. At present remittances of Rs. 18, 25, 35, 45, and so on, *i. e.*, of sums which are not composed of an exact number of tens, cannot be sent in notes, and therefore people wishing to remit such sums in notes send the excess above 10 or any of its multiplies in postage stamps, which is an inconvenient process. A 5-rupee note will obviate this inconvenience, and though a 15-rupee note also will answer the purpose equally well, a 5-rupee note is preferable, as it will afford at the same time means of remitting a smaller sum than 10 rupees, which will be a convenience to poorer classes whose limited income may not permit them to send larger remittances at a time.

No. 9.—It is also likely that the 5-rupee note would have a larger currency than notes of a greater value, and this I am led to conclude from the circumstance that at this treasury, and, I believe, it will be so at every treasury, small notes of Rs. 10 and 20 are in greater demand, and are issued and cashed more extensively than those of higher values, probably because they are more convenient for making payments and for exchanging for silver. For these purposes, a 5-rupee note will be still more convenient than the higher ones of Rs. 10 or 20, and is therefore likely to obtain a much larger currency.

Nos. 10 and 13.—Shroffs and native bankers send remittances in notes as well as by bills of exchange, but notes are not preferred to bills where the latter can be easily obtained or conveniently granted. Because, if a bill miscarries in transit, a duplicate can be readily obtained, whereas to obtain fresh notes, in lieu of lost ones, would require notice of several months to be given for the production of the lost notes, and would perhaps also require evidence to prove that the notes alleged to have been lost had been in the possession of the complainant, and thus delay is inevitable. Hoondees are, therefore, as a general rule, preferred to notes as a means of remittance, but when remittances are required to be sent to stations where they may have no constituents or agents, or when hoondees may not be obtainable except at a heavy premium, notes are used for the purpose. Under all ordinary circumstances, therefore, native bankers and shroffs invariably send remittances in hoondees, and these are usually obtained without much difficulty or cost.

No. 11.—Shroffs and Native bankers are not in the habit of invariably exacting discount in all cases of cashing notes. In their transactions with their customers, discount is never demanded either when giving cash in exchanging for notes or when receiving payments in notes, but in cases of others a discount is, perhaps, exacted. I have never known that shroffs and bankers at Madras used to demand or take discount when they cashed notes, and it is no wonder that they did not do it, for the facilities afforded in the Madras Bank for cashing notes are such that none except perhaps strangers to the place, ignorant of the means available for cashing notes, would consent to pay. These remarks do not, however, apply to those

petty shroffs who make exchange exclusively their profession, and who invariably exact a discount of 1 pie for every rupee exchanged for small silver or copper. Such people are seldom in a position to cash notes, and neither are notes generally presented to them for encashment, but, if occasionally they are required to do so, they would necessarily exact a discount. Such men would derive more profits at Mofussil stations than at the Presidency town, as the facilities at the former places for cashing notes are much more limited than at the latter.

No. 12.—There are, however, none, either shroffs or Native bankers, at this station who make it a trade to buy up notes at a discount and send them to the head quarters of circles for being cashed. Of course, there can be none at Madras, and I am not aware whether the practice prevails with this class of men at other stations. I should conclude, however, from the difficulties thrown in the way of Paper Currency under the present arrangement, that such men would never be wanting at stations removed from the head quarters of issue, but the profits derived from the trade are not likely to be sufficient to hold out encouragement to the trade.

No. 14.—This station does not enjoy facilities by rail for reinforcing the reserve of silver when it may run low. It is, however, connected with Madras by a good metalled traffic road, and the distance being only six days' journey at the most for a common cart travelling at the slow rate of 20 miles a day, supply of silver can easily be obtained from Madras, or if greater expedition is necessary, and an opportunity by sea occurs, the supply can reach sooner. Arrangements are, however, now in progress for connecting Pondicherry by rail with the Madras railway, and when this is done, facilities will be secured for more expeditiously replenishing the stock of silver at short notice. The department to be first applied to for a supply of silver is that of the Accountant General at Madras, who would order the supply to be sent from the Government treasury in the Madras Bank, or, if that is found inexpedient or impracticable in consideration of the state of funds in that treasury, a supply would be ordered from the neighbouring treasuries of Tanjore or Salem, but I may add that neither of these treasuries are nearer to this station than Madras, and neither do they possess any greater facilities of communication.

Nos. 15 and 16.—This treasury has at no time been unable to meet the public demand for notes, sufficient stock having been always kept on hand and supplies having been indented for in time. The indents submitted by this treasury from time to time have been, as a rule, complied with, and only on one occasion, and that was in December last, an indent was only partially complied with in consequence, it was stated, of the stock in the Madras Bank having been low at the time to admit of the full supply indented for being sent. This refusal to comply with the indent to its full extent has not, however, been productive of any inconvenience, as permission was given to indent for notes again shortly afterwards, if necessary.

Nos. 17, 18, and 19.—The only bazar of any importance in the neighbourhood of this station is that of Pondicherry. The 15-rupee gold mohur sells here for Rs. 15 the lowest, and Rs. 15½ the highest price, but the coin is not easily procurable or in large numbers. The English sovereign sells at Rs. 10-2, which is its present price, but when the market is dear, the price rises to Rs. 10-4. The Australian sovereign is cheaper, and is generally procurable at par, *viz.*, Rs. 10, while at times a small discount also not exceeding 1 anna is made in its sale. The reason for this depreciation is that the English sovereigns are preferred by the Natives on account of their colour, which is a little copperish, and are therefore extensively bought for making gold ornaments, while the Australian is not in demand for the purpose to an equal extent, being of a pale colour.

Nos. 20 and 21.—It is true that the coins above mentioned generally bear a higher value in Mofussil bazars than in the Presidency town, and the difference may be explained by the more opulent character of the people at the Presidency town as compared with the population of Mofussil stations. In consequence of the limited nature of their means and wants, people in the Mofussil are not generally in a position to buy up these coins to the

same or even nearly equal extent as those at the Presidency station, and as the supply regulates itself by the demand, the coins are not offered for sale in the Mofussil bazars to a large extent, and when any occasional demand has to be met from the small stock in the hands of the bazarmen, a higher permium than that paid at Madras is demanded and taken. The difference may, I think, be accounted for also by the difference in the character of the pursuits of the Presidency and Mofussil populations. The former, consisting chiefly of trading classes, get remittances of sovereigns from England for the value of the goods consigned by them to that country, and this influx of gold coins, added to the imports on Government account, tends to lower the price at the Presdency town. The shroffs and others at Madras get their supply of sovereigns from the merchants thus receiving them, paying only a small premium, but similar supplies are not directly received at Mofussil stations, and the bazarmen here have to draw their supplies from the Madras market, paying, of course, premium at the Madras market rate. In selling them here, their own profit is added, and thus the price is raised above the Madras market price. It should, however, be mentioned here that at important trading places, such as Pondicherry, which enjoys all the advantages of a British Indian capital, the gold coins do not bear a higher value as they do at other Mofussil stations, compared with the prices at the Presidency town, and this statement is borne out by the circumstance that the prices of these gold coins at Pondicherry, given in paragraph 22, will be found very nearly equal to the prices prevailing at the Presidency town.

No. 22.—For the purposes of hoarding, gold is certainly preferable to silver, and is so esteemed by the people, being a more valuable and less bulky material; but as a medium of circulation, gold has not any such decided advantages over Paper Currency, though, as compared with silver, it is preferable for this purpose also, in certain cases; but, as neither gold coins nor paper money can be brought down sufficiently low to answer the purposes of petty payments also, the baser metals of silver and copper are alone convenient for this purpose.

No. 23.—In regard to a Gold Currency, numerous arguments may be urged for and against it, and I am not required to consider these arguments or pronounce any opinion on them. It will be sufficient for the present enquiry to state that, as far as I have had opportunities of knowing the feelings of the Native community, a Gold Currency will be highly acceptable to them,—*firstly*, because gold is the most precious of metals; *secondly*, that it is less bulky and more easily portable than silver; *thirdly*, that they had always enjoyed a Gold Currency under their former Native rulers and nabobs; and *lastly*, that they have great attachment and a sacred reverence towards gold. Having been accustomed to a Gold Currency from time immemorial, they consider that they should not be without it under the present Government.

No. 24.—In consideration of the intrinsic value of gold, and its natural attractions, gold coins of 15, 10, and 5 rupees will certainly find more favor in the eyes of the Native community than notes of like value, but I should not omit to repeat here what I have already stated in reply to query No. 22, that this will be the case only when gold is sought for the purposes of hoarding; and viewed simply as a medium of circulation, no such preference will, I think, be given to gold, and notes, possessing, as they do, superior advantages, will in many cases be preferred.

No. 25.—I do not understand how a Gold Currency will interfere with the establishment of a Paper Currency. On the contrary, it will, I think, help the Paper Currency by being an auxiliary to silver, and thus facilitating the cashing of notes either in gold or silver, or partly in gold and partly in silver, at the option of the holder. Making every allowance for the natural attractions of gold, and the tendency of the Natives to hoard it or make ornaments of it, enough will, I think, be still left for circulation, for the quantity which will be thus diverted from circulation will be limited by the means and resources of the people. I may add that, even at present, in the absence of a Gold Currency, a few stray

characters are not wanting, who, not possessing confidence in Government securities, and deficient in ability to manage landed investments or engage in other profitable pursuits, have hoarded their wealth in gold coins. With the spread of education and enlightenment, such modes of hoarding wealth will cease to be in the liking of the Natives, and more profitable investments will be sought. Gold will then be left free in the hands of the public for the purposes of circulation, and the apprehensions which are now generally entertained of its being likely to be diverted extensively for the private purpose of the people will vanish. Even in the present state of society, that is, with their present standard of intelligence, Natives are sufficiently alive to their interests, and only a few exceptions will be met with of the class I have mentioned. The majority of the community are fully convinced of the necessity of investing their capital so as to make it productive, so much so that I have known numerous instances of people beginning with a capital of only a few hundreds of rupees, who have, in the course of a few years, become masters of several thousands by steady and strenuous application and by the investment of their small capitals in the most profitable manner. The fears which are now generally entertained of a Gold Currency not being likely to work well in consequence of the tendency of the Natives to draw away the gold reserve to an undue extent and prevent it from circulating are, therefore, utterly unfounded. Thus, in the natural course of things, gold reserve being left unaffected and being readily available for exchange with notes in addition to silver, Paper Currency will be regarded in its true light, and the convenience of notes for passing from hand to hand on the spot as well as for being sent to distances, will be duly felt and appreciated. I may also add here that in one way Gold Currency would directly help the establishment of a Paper Currency in the eyes of an incredulous Native. Seeing that a note is convertible not only into silver, but also into the more valuable and precious metal, he will cease to suspect the intentions of Government in Paper Currency, and begin to look upon paper money in the same light as rupees and gold coins. This reason may not be conclusive, but to his mind it is so, and the effect is certain and very desirable.

No. 26.—I am unable to conceive how a Gold Currency can assist the outlying treasuries in ensuring the convertibility of the note, unless arrangements are made by Government for facilitating the cashing of notes at such treasuries; but where such facilities are not afforded, the result will be that the Gold Currency will supersede the paper.

No. 27.—I have not had opportunities of knowing the opinions of large shroffs and dealers in currency, but I have heard some of them complaining bitterly of the inconveniences of the present Paper Currency arrangements. Their complaints are, I think, well grounded, because, under the existing arrangements, the benefits of the Paper Currency system are virtually placed out of their reach. I have, however, consulted a few of the respectable Natives of this place in independent circumstances, and they are all of opinion that a Gold Currency in addition to silver and paper is very desirable, and that to make the people benefit by the Paper Currency to the full extent it is capable of, the present restrictions should be removed and much greater facilities than at present should be afforded for cashing notes. They say that as a medium of circulation, each of these materials has its advantages, paper and gold coins being convenient for general and local remittances as well as local circulation, and silver answering the purposes of all payments including those for small sums.

No. 28.—Bar gold circulates here as elsewhere, and is at all times available for sale in the market. No purchase is made of bar gold without carefully testing its purity, and for this purpose, intending purchasers have recourse to shroffs. The only means possessed by the shroffs for ascertaining the purity of gold is by the touch-stone. The gold to be tested is rubbed on the surface of the stone, and by comparing the colour of this impression with that of another impression of gold of standard purity present on the stone, they say that the gold is so many carats fine. There are many people of this profession who are very skilful and can say precisely the number of carats fine by this means; but as much

depends upon sight, and as the opinion of the shroffs are likely to vary, purchasers generally make it a point to have the gold tested in this manner by two or three shroffs, and thus ensure its purity.

Nos. 29 and 30.—Native gold mohurs are never used by Natives in this part of the country as means of currency. They are never procurable here, but there are other gold coins not known by the name of mohur, such as "Poovarhen" or "Flower Pagodas," "Sanarakasoo," and such like. The latter is so called in consequence of its bearing the impression of "Sanara," the Tamil name of a toddy-drawer.

Nos. 31 and 32.—None of these coins bear an artificial value. Being no longer current, they are bought for their intrinsic value by parties requiring gold; but the same careful means for testing the purity of these coins are not adopted as is generally done in the case of bar gold, because the quantity and quality of gold in each of these descriptions of coins are well known. All that is done is simply to recognize the coins, and the price to be paid is then determined with reference to the market price of bar gold of equal quality. This is the course generally followed, but in many cases a small premium of about 1 or 2 annas is paid readily in consideration of the unquestionable quality of the gold.

From the Deputy Collector in charge of the Azimghur Treasury,—dated the 5th March 1866.

I have the honor to acknowledge the receipt of your Circular dated 16th ultimo, and in reply beg to submit the replies to the questions therewith received.

No. 1.—When two Native firms are associated with each other in trade, the currency notes are exchanged between them at their full value, otherwise they are discounted.

No. 2.—Owing to non-convertibility of uotes at the local treasury at Azimghur, notes are discounted at 4 per cent.

No. 3.—None for silver in exchange for notes at Azimghur, but facilities are afforded for notes in lieu of silver paid into the treasury. Notes of small amounts are exchanged here for travellers only, when passing through the station.

No. 4.—I would suggest the notes being cashed at all the Government treasuries.

No. 5 —This arrangement will never promote the reception of a Paper Currency by the Natives; I would suggest its being abolished. Great distrust is manifested by these circles.

No. 6.—I would suggest the plan of having one universal note for all India, to be convertible on demand at any Government treasury where it may be presented for payment; this plan would establish greater confidence in the Native mind.

No. 7.—*Vide* answer 6.

No. 8.—Where there is a paucity of Native bankers, great difficulty is experienced in procuring hoondees for small amounts; and as the Government treasury does not grant supply bills and privilege transfer receipts, except to the Military on issue of pay, I think it would be a great public convenience to issue a 5-rupee note.

No. 9.—I think it will, if cashed on demand at all the Government treasuries.

No. 10.—Are to a limited extent used, but discount is paid.

No. 11.—At Azimghur they do, at 4 per cent.

No. 12.—Here they buy notes to sell them at a lower discount elsewhere.

No. 13.—As a general rule, they prefer hoondees to notes owing to risk through the Post Office.

No. 14.—In such a case assistance could be obtained from the neighbouring districts within five or six days: application would have to be made to the Accountant General at Allahabad.

No. 15.—This treasury is never short of notes. Indents are regularly complied with.

No. 16.—*Vide* answer 15.

No. 17.—The average value is Rs. 15.

No. 18.—The average value is Rs. 10.

No. 19.—None at Azimghur.

No. 20.—Such coins generally bear a higher value in Mofussil bazars than in the Presidency towns.

No. 21.—Because they are scarce in Mofussil bazars.

No. 22.—Yes, for hoarding.

No. 23.—Yes, they would, particularly if the coins are made of pure Indian gold.

No. 24.—Certainly.

No. 25.—Yes.

No. 26.—Yes, it will.

No. 27.—They would prefer Silver, Gold, and Paper Currency.

No. 28.—Yes, to a very limited extent; its purity is tested by breaking the bar and rubbing it on a kind of stone called *kussowtee*.

No. 29.—Not very much.

No. 30.—Kuldar, Delhi, Jeyporee, Lucknow, and Shair Shahee.

No. 31.—No.

No. 32.—All kinds have their own value, and are of different weights: their prices vary according to the demand there is for them in the market.

From the Officiating Collector of Backergunge,—dated the 23rd March 1866.

With reference to your Circular dated 16th February 1866, I have the honor to furnish the following answers to the queries therein made :—

No. 1.—Yes, among the Native community, Government currency notes are readily received and paid away at their full value in private monetary transactions.

No. 3.—I make it a rule to afford every facility in my power for the exchange of currency notes for silver and silver for notes. I do my best to encourage people to pay in notes, and to take out notes in exchange for silver.

No. 4.—The facilities are not sufficient. I am not allowed by the Accountant General to keep a larger number of currency notes than what he considers sufficient. I am constantly receiving instructions from him to remit my notes of higher value to the Bank of Bengal. I believe that if treasury officers were less fettered in this matter, they would be better able to create confidence among the Natives by a judicious circulation of currency notes. The circulation of currency notes is very much checked by the attempt to keep up the money order system, which is not a favorite with the Natives. I think, too, that notes might be sent to sub-divisional treasuries for circulation.

No. 5.—No.

No. 6.—No.

No. 7.—I am most decidedly in favor of having one universal note for all India, convertible at all first class treasuries. By first class treasuries I mean those in the larger, or what are now called, first class districts. Thus, in Bengal, I would have the notes convertible at all the treasuries except those noted in the margin. My opinion on this question is not a hasty but a well considered one, and is based on enquiries I have made for some time among the Natives. There can be no question that the present system of currency circles has created, if not a want of confidence, at least a feeling of dissatisfaction with, and dislike to, Paper Currency among the Natives generally. A Native cannot appreciate the force of the objection so commonly urged against the circulation of an universal currency note for all India that public credit might

Noacolly.	Beerbhoom.
Furreedpore.	Bancoorah.
Pubna.	Balasore.
Bogra.	Pooree.
Chumparun.	Maldah.

sometimes be shaken if there were a run made upon any one treasury which could not meet all the calls on it. In the first place, they say, such runs on a particular treasury are not likely to occur, and here I agree with them. In the next place, they say, supposing that such unexpected runs were made upon a particular treasury, the collector could very easily explain to the people that they must wait a little till some more cash comes in from a neighbouring treasury. The Natives have such complete and thorough confidence in our solvency that they cannot understand why the Government should betray so much anxiety about its good faith at crises which no Native anticipates. Besides, a collector can always tell at what particular seasons of the year such runs are likely to occur. I know, for instance, exactly when I am likely to expect these runs, and I could prepare for them by looking at the state of my cash balance, and, if necessary, by applying to Dacca or Noacolly for help. And this would be the case with all collectors. I feel sure that our Paper Currency will never be popular with the Natives so long as our currency circles exist. The objection among the Natives against the circles is all the stronger now-a-days when the railways have opened up so much communication all over the country.

No. 8.—Yes, I would propose a note of the value of 5 rupees, and the grounds of my proposition are—

1*stly*.—That it will be a great convenience for purposes of small remittances.

2*ndly*.—That it will prove very useful to the people in monetary transactions of small scale.

3*rdly*.—That it will be a great benefit to the poorer classes of the people, as by means of such currency notes, they will be able to lay up the savings of their small earnings safe from thieves and robbers.

No. 9.—Yes, I think that, under the circumstances stated above, the 5-rupee note will have a larger currency than notes of greater value.

No. 10.—Yes, notes are much used by shroffs and Native bankers for purposes of remittance.

No. 11.—The three most important bazars at which the trade in notes is carried on are Burisaul, Nulchitty, and Jhallokotti. The rates for cashing notes vary from ¼ to ½ per cent., and for exchanging silver for notes, from ½ to 2 per cent.

No. 12.—No.

No. 13.—Shroffs and Native bankers here prefer notes to hoondees for purposes of remittance.

No. 14.—In the case of my silver reserve running low, I would apply to the Dacca and Bullooah treasuries, and the reinforcement would be supplied by water route.

No. 15.—This treasury was unable, on one occasion, to meet the public demand for Paper Currency in consequence of the indent for notes not having been complied with, and it would be constantly unable to do so if I adhered strictly to the instructions of the Accountant General.

No. 16.—The treasury officer was informed by the Accountant General that it was not convenient at the time to make remittances from the Presidency.

No. 17.—The average value of a gold mohur in the bazars in this neighbourhood is Rs. 15-4.

Nos. 18, 19, 20, and 21.—No such coins are available in this district.

No. 22.—Yes, the people are fond of gold for the purpose of hoarding, simply because they can make no other use of it now.

No. 23.—I think that a Gold Currency would be one of the greatest blessings to this country. I would at first begin with a 10-rupee coin—with, in fact, the English sovereign. I would lower the value of the rupee, and equalise the value of the sovereign with 10 rupees. By lowering the value of the rupee, another advantage would follow—the introduction of a

decimal coinage. To carry out the decimal coinage I would recommend that the rupee, instead of being worth 64 pice, or 128 half-pice, should be worth 100 cents. These cents would be about the same value with one-half pice. We should then have the sovereign, rupee, and the cent, instead of our present complicated system of rupees, annas, and pies. In Java there is no Gold Currency, but the decimal coinage is carried out by florins, or guilders and cents. I speak from personal experience of the immense convenience in the Java currency, especially after the hopeless confusion in which the traveller at Singapore finds his accounts from the mixed circulation of dollars, sovereigns, and rupees.

No. 24.—The people, I think, would like to have both gold coins and notes: the gold coins of 10 rupees would do very well for the purpose as I have said in answer to the preceding question.

No. 25.—Yes.

No. 26.—Yes, a Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note.

No. 27.—The shroffs and dealers in currency would like to have silver as well as gold and paper.

No. 28.—No.

No. 29.—No.

No. 30.—Gold mohur of the British Government, weighing one tolah, value Rs. 15 and Rs 15-4. gold mohur with the impression of the name of Shah Alum Padsha, weighing 17 annas, value Rs. 21-4. New gold mohur with the impression of the name of Shah Alum Padsha, weighing 17 annas, value Rs. 20. Sultani gold mohur, weighing 4 annas and 3 pice, value Rs. 4-8. Arcot gold mohur, weighing 15 annas, value Rs. 20. Akburee gold mohur, value Rs. 24.

No. 31.—Yes, they pass for intrinsic value.

No. 32.—No, they do not bear an artificial value according to their respective denominations, &c.

P. S.—Since writing the above, I have to-day had an application from Woodhub Chunder Poddar, a rice merchant of Nulchitty, for notes to the value of 10,000 rupees,* and yet I am constantly receiving letters from the Accountant General to remit all my large notes to the Presidency.

* Taken out 20 notes of Rs. 500 each.

From the Collector, Balasore,—dated the 23rd February 1866.

I have the honor to acknowledge receipt of your Circular of 16th instant, containing 32 questions, and in reply beg to answer them as they refer to this district *seriatim*, as follows —

No. 1.—They are both received and paid away at their full value as a general rule. It seldom happens that full exchange is not given.

No. 2.—When any depreciation takes place, it is owing to a large trade being carried on and the impossibility of the treasury officer cashing all the notes presented. The average rate of discount is 1 rupee per thousand rupees.

No. 3.—This depends more on the permission of the Controller General than on the treasury officer's authority. As long as there is a surplus of silver in the treasury, cash is freely given for notes, and at all times notes in hand are exchanged to applicants for silver.

No. 4.—I think the facilities at present existing are sufficient.

No. 5.—No, I do not.

Nos. 6 and 7.—I would propose that the currency of notes of small denominations (not exceeding Rs. 100) should be current throughout the Empire, and that only for sums exceeding Rs. 100, there should be separate notes for each circle. To meet exceptional

cases I think the head of the Currency Department should have power to authorize the reception at a treasury of notes of another circle at a certain discount for the convenience of traders For instance when the rice harvest in Balasore district is good, a brisk trade springs up with Ganjam in the Madras Presidency, and it would greatly assist the trade if notes of the Madras circle could be readily cashed at this treasury They could thus be remitted to Calcutta as a common treasury remittance

No 8 —I do not think notes of 5 rupees would have much circulation in this district, but I have no doubt that they would be of great use in Calcutta and along the line of railroads

No 9 —I think notes of 5 rupees would have as large a circulation in this district as those of 10 and 20 rupees, but not so large as those of 100 or 1,000 rupees

No 10 —Yes, especially for large amounts when export of grain is being made by sea to Calcutta and Madras

No 11 —Only when the treasury is unable to cash notes on account of the cash balance being low from previous exchanges of silver for notes.

No 12.—No, I do not hear of such having occurred in this district

No. 13 —The Native bankers prefer currency notes to hoondees

No 14 —We never allow the silver reserve to run so low As soon as the treasurer finds that the reserve of silver is barely sufficient for the demands of the Department of Public Works and other necessary disbursements, he makes a report to the treasury officer, who takes the matter into consideration and passes necessary orders. Silver can be obtained from November to March by the Government brig *Orissa* from the Calcutta Mint. If necessary to obtain silver at other times of the year, application would be made for a remittance by carts from the Midnapore treasury, which is distant 75 miles from Balasore.

Nos 15 and 16 —Not to my knowledge.

No 17 —Rs. 15.

No 18.—Rs 10-2

No 19 —Rs 10 Owing to the scarcity of grain both kinds of sovereigns now are worth Rs 9-8 only.

No 20 —The English sovereign has a slightly higher value in Balasore for its malleability.

No 21 —The goldsmiths find it easier to work the English sovereign up into ornaments.

No 22.—Not for circulation, but for hoarding and for converting into ornaments.

No 23 —I think, at first, it would be difficult to introduce the gold as a legal tender but the people would soon find the convenience of having so portable a money to carry about with them

No 24 —Yes, for the purpose of hoarding, but not for remittances.

No 25 —No, I do not think the Gold Currency would help the establishment of a Paper Currency The value of the Paper Currency is already appreciated by the bankers and traders of Balasore

No. 26 —No, I think not

No 27 —The bankers and traders would prefer the Silver, Gold, and Paper Currency

No. 28 —Yes, and its purity is tested by burning and rubbing on touch-stone

No 29 —Very seldom.

No 30.—Jeyporee, Sultani, Delwar, Honoomanee, old mohur of 1819, Government gold mohur

No 31 —Yes

No. 32 —No.

From the Deputy Collector, Bancoorah,—dated the 14th March 1866.

As required in your Circular dated the 16th ultimo, I have the honor to submit the following answers to the queries contained therein :—

No. 1.—Yes.

No. 2.—None.

No. 3.—Government currency notes are always accepted and change given, when there is no doubt of the notes being good.

No. 4.—The facilities are sufficient, and there are none others to suggest.

No. 5.—The system of circles appears to me admirable, in so far that it prevents the use of notes as a means for transmitting sums due by a method that Government would find inconvenient if used to any extent. It may prove inconvenient to private persons.

No. 6.—I would not add to, or diminish the number of, circles for issue as at present constituted ; but I am of opinion that, as far as Government may deem convenient, all treasuries should receive notes for change at par when demanded.

No. 7.—This is entirely a matter of public convenience *vice* private advantage. It would be much better, as regards each individual, that one note should be legal delivery anywhere in the kingdom, though, as regards the public pocket, it might entail loss. I am not in a position to reply fairly to this question, as I have no opportunity of knowing the returns of different treasuries. This remark applies to the previous question.

No. 8.—To Natives a note of the value of 5 rupees would certainly be an advantage, but I consider the texture of the present paper should be strengthened. Natives always tie their notes in their *dhootees*, and nothing lesfrayable e than vellum would last. I am of opinion that the convenience of the general public would be furthered by the introduction of a note of this value.

No. 9.—Yes, in time. The poorer classes at present have little or no experience of notes.

No. 10.—Yes, to a great extent. It is the safest means of transmission when the note is divided in half, and saves the stamp of a legally drawn hoondee.

No. 11.—Native bankers, as a rule, take discount whether selling or changing a note.

No. 12.—Yes, almost invariably.

No. 13.—Yes, decidedly.

No. 14.—The demand for notes is greater than the supply, and this treasury has never been in the dilemma adverted to. I should apply to Calcutta, as this station is only 30 miles from Raneegunge.

No. 15.—No, I have not found it necessary to call for a supply of notes, as I do not circulate them, except on payments due from the treasury, and then I usually pay in cash.

No. 16.—No indents have been refused.

No. 17.—Rs. 16 each.

No. 18.—Averages Rs. 10-8, but the coin is not obtainable to any extent, and is imported usually for melting.

No. 19.—None of this description to be met with in this bazar.

No. 20.—Yes, the standard value of the British sovereigns is well known, and they generally demand more than their value in Calcutta, as they are better suited than pure gold for the manufacture of ornaments. The Natives here cannot properly alloy their gold.

No. 21.—Answered in question 20.

No. 22.—Gold is generally used for hoarding.

No. 23.—I think few Natives have an opportunity of giving a fair judgment on this question; but I am of opinion that, if gold coinage was introduced, much of it would be absorbed in hoarding and conversion into ornaments

No. 24.—Yes.

No. 25.—I do not see why it should. The prosperity of the Paper Currency depends upon its ready exchange.

No. 26.—Not necessarily.

No. 27.—Every Native is, as a rule, averse to any innovation; but a Gold Currency would I think, be an advantage.

No. 28.—Bar gold is not in circulation here. Lump gold is circulated, and its purity is ensured by chemical tests.

No. 29.—All Native gold is ordinarily of value for conversion into ornaments. It is sold and easily convertible, but can hardly be called current.

No. 30.—Two kinds of Moorshedabad,—Delhiwal and Joynugguri.

No. 31.—They are tested and accepted for their intrinsic value only.

No. 32.—They bear no artificial value whatever.

From the Officiating Collector, Banda,—dated the 28th February 1866.

I have the honor to acknowledge the receipt of your Circular of the 16th instant on the 22nd idem.

In order to discuss the subject thoroughly, and to take the opinion of the leading mahajuns in the city and district, I called a meeting of them as well as of all the European and Native Government officials in this station this morning, in the room of the Banda Literary Institute.

I beg to submit the replies which have been drawn up in concert with those present as follows :—

No. 1.—No, they are not received at their full value in private monetary transactions by the Native community.

No. 2.—The cause is—1*st*, that mahajuns, &c., are still ignorant of the Paper Currency rules, and that the notes can be tendered as a legal payment of revenue and of other Government claims. Ishtihars have been issued. 2*nd*, they cannot demand cash payment at the treasury in exchange of the notes as of right, save in the cases above stated, and in the case of travellers, who alone can receive cash for their notes at once. 3*rd*, the notes being unfit for the purpose of hoarding money.

No. 3.—The treasury officer is authorized to exchange the Paper Currency notes tendered.

1*st*.—In satisfaction of Government revenue demand.

2*nd*.—In satisfaction of other Government claims.

3*rd*.—For the accommodation of travellers.

The notes for the above purposes are at once received and cashed whenever tendered. In other cases the treasury officers are allowed discretion whether they may comply with the wishes of the applicant or no. In this district, with the exception of very doubtful and rare instances, the public have been invariably allowed exchange in cash or notes without delay. No complaint of any sort has ever come to my notice in complying with the wishes of the public when preferring an application either for notes or for cash in exchange for the same.

No. 4.—I would suggest that notes be always exchanged when presented.

No. 5.—I think the present system of circles to be a great drawback in the free circulation of the notes. It greatly checks the reception of a Paper Currency by the Native population, and I would do away with it. I prefer the plan of having one universal note for all India, to be convertible at all the Government treasuries without any restriction whatever. The Natives do not seem to have any confidence in Paper Currency notes at present, and do

not like it. They say they cannot (most of them) keep up regular registers of notes received and issued by them duly witnessed to be produced as evidence in case of any fraud or deception being practised upon them, with a view to bring the charge home to the offender; or in case of any note being destroyed or lost, they cannot give due notices in the Official *Gazettes* without incurring much unnecessary expense and trouble, and then even with very uncertain hope of success.

Nos. 6 and 7.—Disposed of in No. 5.

No. 8.—I would propose a note of the value of Rs. 5 on the following grounds :—

1stly—The generality of the Native community very seldom have necessity in their private transactions for more than 4 or 5 rupees.

2ndly.—They would have no difficulty in getting their notes exchanged among themselves when it would involve comparatively less risk of loss than that of a higher value note.

3rdly.—Occasions frequently occur for remitting smaller amounts. I therefore think that a 5-rupee note would be much more appreciated by them than a note of higher value.

No. 9.—Yes, decidedly. I am of opinion that the 5-rupee note would have a larger currency than notes of a greater value.

No. 11.—Not in this district; but they occasionally do exact discount in other districts. I hear the practice of exacting discount obtains in all cases of cashing notes.

No. 12.—No, they do not.

No. 13.—Ditto ditto, as they lose hoondeean.

No. 14.—Were a deficiency of silver to occur, application would be made to the Accountant General, and cash would either be received from Futtehpore, whence there is a pucca road, distant 48 miles, or Humeerpore, distant 36 miles.

No. 15.—Never.

No. 16.—Disposed of by No. 15.

No. 17.—The Government gold mohur bears an average value of Rs. 15 in the local bazar here.

No. 18.—The English sovereign bears the average value of Rs. 10, half-sovereign of Rs. 5.

No. 19.—The Australian sovereign is not known in this part of the country.

No. 20.—The above-mentioned coins generally bear a higher value in the Mofussil bazars than in the Presidency.

No. 21.—The remittance charge from the Presidency towns to the Mofussil is calculated upon the coins which enhances the price.

No. 22.—Yes, the people are fond of Gold Currency for the purposes of hoarding and circulation, especially in cases of going long journeys or pilgrimages.

No. 23.—Yes, they would much like a Gold Currency.

No. 24.—Government coins of 15, 10, and 5 rupees will very likely find more favor in the eyes of the Natives than notes of like value.

No. 25.—When the Natives have become well accustomed to the circulation of notes, the Gold Currency would certainly greatly help the establishment of a Paper Currency.

No. 26.—Yes, under the circumstance stated in the last answer.

No. 27.—The shroffs and dealers prefer Silver and Gold Currencies,—the former, because they suffer loss on account of the stoppage of hoondee transactions, and the latter, because they cannot obtain money readily when required in exchange for notes.

No. 28.—Yes, it does. The Natives examine its purity by heating a portion of it cut off for the purpose, unless it bears a Government stamp, when they accept it as genuine.

No. 29.—Yes, they are.

No. 30 —The following are the names of the gold mohurs current in the neighbouring bazars —

		Rs	A			Rs	A.
1	Moorshedabadee Jalose 19 ...	19	12	8	Benarasee	15	12
2	Jeyporee	16	0	9	Akburabadee ..	15	15
3	Mahomedshahee	16	0	10	Gwalioree	15	0
4	Shahjehanee	16	4	11	Bhurutpooree .	15	8
5	Lucknow	15	8	12	Kalabundee	15	4
6	Furruckabadee	15	0	13	Moorshedabadee Judeed .	17	8
7	Nujeebshahee Delhi	15	8	14	Government gold mohur ...	14	12

No 31 —No, they do not pass for intrinsic value.

No. 32.—They bear an artificial value according to their respective denominations, and also as proceeding from certain Native States.

From the Deputy Commissioner of Baraitch.

No 1 —Government currency notes are not readily received, and never at their full value. They are always at a discount.

No 2 —The reason of their being at a discount is that they are not cashed at Government treasuries.

No 3 —Officers in charge of Government treasuries are permitted to cash a limited amount of notes of travellers. Notes can always and readily be obtained for cash at Government treasuries.

No 4 —No further facilities are necessary for distributing notes in exchange for cash But if notes were payable on demand at every treasury, they would circulate much more freely.

No. 5.—I consider that the present arrangement of circles is not well calculated to promote the reception of a Paper Currency by the Native population.

Nos 6 and 7 —I would prefer the plan of one universal note for all India, and I think the treasuries at which the note is convertible should be numerous. The Natives will never have full confidence in a Paper Currency unless the notes are easily convertible at par in any part of the country.

No 8 —A note of the value of 5 rupees is not necessary; a gold coin of that value would be much more useful.

No. 9 —No, I do not think it would.

No 10.—Notes are used a good deal for purposes of remittance.

No 11 —Discount is always exacted by bankers and others in cashing notes.

No 12 —There is no instance known here of notes having been purchased at a discount for the purpose of being sent to head quarters of circles of issue.

No. 13 —Bankers prefer hoondees to notes as a rule.

No 14 —If the silver reserve became low, application would be made to Gondah treasury, 44 miles, or to Lucknow, 72 miles, good roads to both places, but no rail.

Nos 15 and 16.—Our indents for notes have always been promptly complied with. The notes only once ran short, but this was owing to a large number having been taken for remittance to the Punjab.

No. 17 —The Government gold mohur sells on an average at 15 rupees.

Nos. 18, 19, 20, and 21.—The English and Australian sovereigns are not current here.

No 22.—The people are fond of gold for the purposes of hoarding and circulation.

No. 23 —A Gold Currency would be popular and is very much required.

No. 24.—Gold coins would be preferred to notes.

No. 25.—I do not think a Gold Currency would help the establishment of a Paper Currency. If notes are not convertible at Government treasuries, the gold would displace the Paper Currency.

No. 26.—No, I do not see how it would assist in any way.

No. 27.—Shroffs would prefer a Gold and Silver Currency. Notes are not much in favor.

No. 28.—Bar gold does circulate. The receiver always takes the gold to a sonar for examination before accepting it.

No. 29.—Native gold mohurs are used a good deal. They are preferred to Government mohurs because the gold is purer.

No. 30.—Kuldar, Muksoodabadi, Zurub of Delhi, Goonia, Jeyporee, Mahomedshahee, and Lucknow.

No. 31.—They pass for intrinsic value; and

No. 32.—Do not bear an artificial value according to name; some gold mohurs are more prized than others, but only on account of their being of purer gold.

From the Assistant Commissioner in charge of the Treasury, Bassein,—dated the 12th March 1866.

I have the honor to acknowledge the receipt of your Circular, calling for replies to certain questions regarding the Paper Currency, and beg to reply as follows :—

No. 1.—No, they are scarcely known among the Native community.

No. 2.—They are not depreciated; they are not generally current for reason No. 1.

No. 3.—Currency notes are not received at this treasury except on account of revenue.

No. 4.—That authority be given to cash notes to the value of 2 lakhs of rupees at this treasury.

No. 5.—No.

No. 6.—I would recommend offices of sub-issue.

No. 7.—One universal note, convertible at the Presidency towns and at all district treasuries. Consequent on the ignorance of the Natives of this country on most matters, they will not comprehend the reasons why notes are convertible only at certain treasuries and not at others. As they become gradually enlightened, restrictions would be understood.

No. 8.—Yes, it would be more convenient to the generality.

No. 9.—Yes, as above.

No. 10.—There are no Native shroffs and bankers in this district.

No. 11.—As above.

No. 12.—Ditto.

No. 13.—Ditto.

No. 14.—No rail, no road; communication by boat; application would be made to Ramgoori.

No. 15.—No.

No. 16.—As above.

No. 17.—Rs. 16.

No. 18.—Rs. 11.

No. 19.—Rs. 10-8.

No. 20.—The circumstances of this district and British Burmah are so different from Bengal that the question cannot be answered. The Burmese are extremely partial to gold, and pay Rs. 23 to 25 per tickal for Chinese leaf-gold.

No. 21.—As above.

No. 22.—The Natives are very fond of wearing gold; there are hardly any so poor as not to have at least a gold ring. The cultivators of the soil used to wear silver, but as they are becoming comparatively wealthy, they have turned to gold.

No. 23.—I have no doubt they would.

No. 24.—Gold coins would find more favor.

No. 25.—Gold would greatly help, even now.

No. 26.—It would assist.

No. 27.—No shroffs or dealers in currency in Bassein.

No. 28.—No bar gold circulates, but there are numerous goldsmiths and assayers who could test gold and do so. Before Pegu was acquired by the British, they tested silver continually.

No. 29.—No.

No. 30.—As above.

No. 31.—When sold, they pass for intrinsic value.

No. 32.—No, the Burmese know gold only according to its intrinsic value.

From the Collector, Beerbhoom,—dated the 12th March 1866.

With reference to your Circular dated 16th ultimo, I have the honor to forward herewith the answers to the queries therein referred to.

I regret to say that my absence on tour has prevented my sending the answers as early as I wished.

No. 1.—Government currency notes up to Rs. 50 are readily received and paid away by the Native community at their full value in their private transactions.

No. 2.—When notes of a higher denomination have to be changed for cash in the bazars, the bankers charge at the rate of 1 per cent. discount.

No. 3.—The practice in this treasury is for the treasurer to have in his keeping a certain number of notes of small denominations, which he is required to exchange at par on demand. The notes of a value higher than Rs. 50 are in the keeping of the officer in charge of the treasury. On application to him they may readily be obtained.

Nos. 4 to 7.—I think that, for the present, these facilities are sufficient. If it were found that the system required further fostering, the agency of the abkaree darogahs might be brought into requisition, notes being sent to them to exchange on demand. This, however, would hinder the action of the natural agency, which must be by means of the Native bankers and money-changers. I should recommend one note for all India. There may be advantages connected with the system of separate notes for each circle, but I do not think they can be sufficient to counterbalance the shaken confidence and hesitation caused by the introduction into a district of notes that are found to be inconvertible at the local treasury. Notes of the Allahabad and Lahore circles have, to my knowledge, found their way even into this remote district, and the inconvenience the holders of them have incurred has not assisted in "establishing a Paper Currency in the confidence and liking of the Natives."

No. 8.—If there is no prospect of a Gold Currency, I would advocate the issue of a 5-rupee note, but with a gold coin of Rs. 5 value, a note of corresponding value would be useless.

No. 9.—I do not think the 5-rupee note would have a larger currency than other notes. Certainly, not immediately, for, in their every-day transactions, the poorer classes would prefer silver.

No. 10.—Notes are beginning to be used by the Native bankers and shroffs for the purpose of remittance.

No. 11.—In cashing notes of large value, it is the custom for Native bankers to charge a small discount.

No. 12.—I hear that, at the sudder stations, shroffs and bankers make a practice of buying notes at a discount for the purpose of remittance; but this is not done to any great extent in the towns situated in the interior of the district.

No. 13.—The Native bankers in the interior generally prefer hoondees for the purpose of remittance. At the sudder station, where notes are easily to be had, they prefer notes.

No. 14.—As telegraph and rail communication exist between this station and Calcutta, I would apply to the Accountant General of Bengal. Treasure despatched from Calcutta could reach this station in ten hours; from Burdwan it could be procured in about seven hours.

No. 15.—On one occasion our whole stock of notes, amounting to Rs. 17,270, were paid away in one day, and I was unable to meet the public demand till my next indent was complied with. This office has been backward in making indents for notes, as there was an impression that the Accountant General was averse to supplying local treasuries liberally with notes, lest they should be used as means of remittance to the detriment of the money order department.

No. 16.—On one occasion, an indent for Rs. 12,300 was answered by a supply of 6,300 rupees' worth of notes. No reason was given for not supplying the whole indent.

No. 17.—The average value of the Government gold mohur in the bazar here is Rs. 15-4.

Nos. 18 and 19.—English and Australian sovereigns are unknown in this district.

No. 20.—Sovereigns being unknown here, I cannot exactly say how their price is, as compared with the price in the Presidency towns. I should think they would fetch a better price here than in Calcutta.

No. 21.—My reason for saying so is, that the demand for gold in the Mofussil, for the purpose of hoarding and of making into jewellery, is considerable.

No. 22.—At present, the Natives are so fond of gold for the purposes of hoarding that its circulation is much impeded.

No. 23.—The Natives would certainly like a Gold Currency, but the Government must be prepared in the first outset for a very considerable absorption of gold coin.

No. 24.—The precious metals are, I presume, always preferable to notes up to the point that they are not cumbersome. I presume, therefore, that gold coins of 15, 10, and 5 rupees would be more likely to find favor in the eyes of the Natives than notes of like value.

No. 25.—I do not quite understand this question. If the Paper Currency is to be issued by the Government, I do not see how traders are to be induced or compelled to hold the reserve of gold necessary to maintain confidence in the paper. It would be necessary that such reserve be kept at the local treasuries. If it is in contemplation to allow traders to form banks and issue notes, as is now done by the Bank of Scotland and provincial banks in England, means would have to be taken to oblige such persons to hold an adequate reserve of the precious metal. In either case, gold, as being less cumbrous than silver, would form a more convertible and, therefore, more popular reserve, and would so far assist in the establishment of a Paper Currency.

No. 26.—I do not see how a Gold Currency would *assist* in *ensuring* the convertibility of a note, but it would render its convertibility less troublesome.

No. 27.—I believe, from all I can learn, that a Gold, Silver, and Note Currency would be acceptable to the large shroffs. But in this rural district there are so few large firms that it is difficult to ascertain this point satisfactorily.

No. 28.—Bar gold is not a medium of circulation. It is bought and sold like any other commodity, and is tested by means of a touch-stone.

No. 29.—Native gold mohurs are not used in the neighbourhood as a means of currency.

No. 30.—The gold mohurs obtainable in this district are the Government, the Joynogoree, the Moorshedabadee, and the Akbaree.

No. 31.—They pass for intrinsic value. The quality of the gold in each different mohur is well known. The Joynogoree mohur, although not weighing a tolah, sells for Rs. 17 The Government mohur, although weighing a full tolah, fetches only Rs. 15-4.

No. 32.—This difference is owing to the known relative value of the gold, not to any artificial value arising from their denomination.

From the Collector of Belgaum,—dated the 26th March 1866.

I have the honor to submit my replies to the questions contained in your Circular dated 16th February last.

No. 1.—Government currency notes are very seldom received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—The reason for their depreciation, apart from the natural dislike which uneducated classes have for paper money, is the difficulty experienced in cashing the notes at the public treasuries. The rate of discount charged by Native bankers varies from 4 to 8 annas per cent. according to the market rate of bills.

No. 3.—Currency notes are only cashed in the public treasuries at the sudder station to a limited extent, and only at places where there are no branch banks acting as agents for the currency. Notes, however, are readily issued to any extent at the sudder station and are received in payment of the public revenue.

No. 4.—The present facilities are certainly not sufficient to give the Native community confidence in the possession of paper money, and the only means of establishing such confidence is to afford every facility for the exchange of the currency note at specified public treasuries in each district.

No. 5.—Assuming that it is the desire of the Commission to ascertain what is most likely to further the important object of establishing a Paper Currency in the confidence and liking of the Natives, without any particular reference to the ultimate inconvenience and expense which may be incurred by Government, I am of opinion, in reply to questions 5, 6, 7, that the plan of having one universal note for all India, to be convertible at certain specified treasuries, is most preferable. The main object is to induce the Natives to look upon the note in the same light as the rupee, *viz.*, that it is current and receivable whenever used or presented. The present arrangement of circles, with a separate note for each circle, and the plan of increasing the number of circles (retaining the plan of a separate note for each circle), is calculated to bewilder the Native mind, and dispel the notion of the universality of the note which it is desirable to establish. Transactions, small and great, take place, moreover, between persons residing in different circles, and such transactions, as communications are improved and trade extends, are likely to increase, and it is desirable that, both for the convenience of travellers and of persons making remittances, the convertibility of the note should not be obstructed by any such restrictions as must occur from there being separate notes for different circles. I may mention, however, that in those cotton-growing districts, where there are no railways, and where the communications with the Presidency are not always open, some possible inconvenience and expense may frequently occur from the reserve of silver running short, and that during a season when there is a great demand for money for the purchase of cotton or other article of produce which is in much request, very large remittances may be made in notes from the Presidency, which it will be the duty of the treasuries here to meet, and which would certainly soon exhaust the reserve of silver, which often is hardly sufficient for current expenses. This would, of course, entail very considerable expense on the Government in making remittances of silver from the Presidency.

Nos. 8 and 9.—Possibly a 5-rupee note might have a larger currency than notes of a greater value; but as a Paper Currency is merely supplemental to the Silver Currency, I would confine it to the larger amounts, and would not extend it to so small a sum.

No. 10.—Notes are but seldom used by shroffs and Native bankers for purposes of remittance. When bills on Bombay happen to be at a premium, they are sometimes used, but not otherwise.

No. 11.—Shroffs and Native bankers very seldom cash notes, but when they do so, it is invariably at a discount.

Nos. 12 and 13.—No.

No. 14.—Such a contingency as that supposed in this question has never yet arisen; but should the silver reserve run short, the nearest route by which I should reinforce the reserve would be by Bombay *viâ* Vingorla, which is reached partly by road and partly by steamer; I should apply for funds to Her Majesty's Treasury at Bombay.

Nos. 15 and 16.—This treasury has never been unable to meet the public demand for Paper Currency in consequence of my indents for notes not having been complied with.

No. 17.—The Government gold mohur is not met with in these districts

No. 18.—The English sovereign bears the average value of Rs. 10-5.

No. 19.—The Australian sovereign is not met with.

Nos. 20 and 21.—A sovereign bears a higher value in Mofussil bazars than in the Presidency towns on account of the expense and risk in conveying it up-country, of its comparative scarcity, and of the demand that there is for it for conversion into ornaments.

No. 22.—The people are decidedly fond of gold. It is hoarded by some Native shroffs and bankers as a reserve, and by others in the shape of ornaments.

No. 23.—The Natives would take readily to a Gold Currency.

No. 24.—And as long as the Paper Currency is not freely in circulation and the notes convertible, would be preferred. When the Paper Currency is fairly established, the notes might be preferred in cases when persons wished to make small remittances.

No. 25.—In the event of a Gold Currency, the shroffs would always keep a reserve in hand.

No. 26.—A Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note as being easier of carriage and more portable; it could be transported to districts where the reserve in the treasuries run short.

No. 27.—At present the large shroffs prefer a Silver Currency. They are practically unacquainted with a Gold or Paper Currency.

No. 28.—Bar gold is in circulation in this district; its purity is ensured by a mark being stamped on it, and recourse is freely had to the touch-stone to test its purity.

No. 29.—Native gold mohurs are not used by Natives as a means of currency.

No. 30.—But the following gold mohurs are to be found in the district:—

Names.	Form.	Weight.			Current Value.
		Tolahs.	Massas.	Grains.	Rs.
1. Akburee	Round.	0	11	0	16
2. Ditto	Square.	1	0	0	20 / 25
3. Mahomedshahee issued under five different Native Princes of one family, and hence called Punchmal	Round.	0	11	6	16

Nos. 31 and 32.—The first and third are valued at their intrinsic value: the second, Akburee, has an artificial value, as it is supposed to have been struck in the time of Akbur the Great, and its possession is supposed to protect its wearer from the effects of enchantment.

From the Deputy Collector in charge of the Treasury, Bellary,—dated the 8th June 1866.

I have the honor to annex replies to the several queries on the working of Act XIX of 1861, for providing a Government Paper Currency, proposed in your Circular of 16th February last.

No. 1.—There is always a moderate demand for currency notes on the part of the mercantile Native community who have dealings with parties at the Presidency. It was, however, very great when the demand for cotton was so large owing to the failure of the supply from America, so much so that currency notes for a lakh of rupees were disposed of within a day after their receipt from the Presidency. But this I admit is an extraordinary

demand under extraordinary circumstances, but taking all things into consideration, I am led to believe that Government currency notes meet with a fair sale at par, and sometimes even at a premium

No 2 —Answered in the above paragraph

No 3 —The restrictions hitherto in force to the free cashing of currency notes at the treasury are completely removed, but due regard is paid in seeing that the treasury is not drained of its specie.

No 4.—Yes, as currency notes are freely cashed and as freely purchased from the treasury, I do not consider that any further facilities are needed to ensure their free circulation

Nos 5, 6, and 7—One great object to be desired is to impress the Native public with confidence in making use of a Paper Currency, as otherwise they would hesitate entrusting their monetary transactions to that medium Now, I am of opinion that so long as there are restrictions (though to a modified extent) to their free circulation, as would be the case if the circles referred to in queries 5 and 6 are to be carried out, there will, in addition to the want of confidence referred to above, be the delay in exchanging notes for specie, and *vice versâ*, if notes can only be cashed in certain circles This drawback, I am induced to believe, judging from the success that has attended the issue of the former Madras bank notes and of the subsequent currency notes, will be completely removed if one universal note, as proposed in query 7, be adopted It would inspire Native speculators with the same confidence as they have in the Madras rupee None take exception to it because they see it universally current in India, which, judging from the Native character, would never have been the case if a separate kind of coinage were in use in each province At least, whatever advantages there may be in having circles of issue, I am confident that the Native public will not at present appreciate it

No 8 —It would be of great advantage to have a note of the value of 5 rupees to those who may have occasion to remit small sums Applications are frequently received for transfer receipts for smaller sums than 10 rupees, which, according to the Bill Rules, is the lowest amount for which a transfer receipt could be drawn at present The transfer receipt is more or less of an official character, as no one is eligible to remit money through that medium except he be in Government employ Now, a 5-rupee currency note would much facilitate remittances, especially among the poorer orders, who have now recourse to postage labels, which are sold at a discount by the party to whom they are sent. There is another disadvantage in making remittances by means of postage labels, *viz*, that they cannot be readily made use of, except they are for such values as ½ an anna or 1 anna which, in houses of business, would be used for postage, but when such remittances are made to private individuals, they have not such facilities for disposing of them, and therefore a 5-rupee note would be readily made use of

No 9 —Yes, for the reasons stated in the preceding paragraph.

No 10 — Yes

No 11 —Yes, as a rule.

No 12 —Yes.

No 13 —The note is generally had recourse to in large monetary speculations of the kind referred to in the reply to query 1, but where other media of remittances, such as hoondees, &c, are available, they would be preferred, because there is no remedy against the loss arising from the abstraction or loss of notes whose value cannot (as in the case of hoondees it may) be recovered With this immunity from loss there arises the difficulty of procuring them. Hoondees are not easily available to the public, being more or less confined to private transactions, and where they are, it is only at a premium.

No 14—The treasuries nearest to Bellary are,—Bangalore, Cuddapah, and Kurnool To the two former stations there are railroads from the Presidency, but none to this station from any of the above places If silver runs low at this treasury, the Accountant General is applied to, who arranges for supplying the cash needed either by directing the

surplus cash to be sent from any of the above-named places, in which case the cash is sent by cart and occupies from 10 to 15 days in transit, or the required amount is sent by rail, either to Cuddapah or Bangalore (150 and 200 miles distant from this station), and arrangements are then made by the authorities at those places to forward the remittances as shown above.

No. 15.—On one occasion, during the great demand for cotton, my indents for currency notes were submitted to the Accountant General, who, before complying with the indent, called upon me for information with regard to the demand. I forward copy of that letter (No. 3453, dated 9th December 1864) for your information as to the reasons assigned by the Accountant General for not fully complying with my indent.

No. 16.—This question has been answered in the preceding paragraph.

No. 17.—Rs. 15.

No. 18.—Rs. 10.

No. 19.—Rs. 9-14.

No. 20.—These coins bear a higher value in the Mofussil than they do at the Presidency, owing to the demand for them not being so great as in Presidency towns, in consequence of which they are not as easily obtained as in the Presidency, and to the risk which speculators would have to incur in their carriage from the Presidency into the Mofussil.

No. 21.—This question is answered in the above paragraph.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes, Natives have a greater predilection for gold as possessing an intrinsic value, than they have for the note which has merely a representative value.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—Silver, gold, and paper.

No. 28.—Yes, its purity is ensured by purchasers testing it in fire, so that the smallest particle of alloy is immediately discovered by the metal becoming black.

No. 29.—Yes.

No. 30.—The following are those which are most commonly in circulation :—

Akbar mohur	=	from	16 to 16½	Rupees.
Hydrabad	=	„	15½ to 15¾	do.
Zulfukar	=		15 Rupees.	
Badursha	=		17 do.	

No. 31.—This question is answered in the above paragraphs, and the value, written opposite to each denomination of coin, is said to be its intrinsic value.

No. 32.—These coins are not current, so that they are purchased or sold according to weight.

From the Deputy Auditor and Accountant General, Fort St. George, to the Deputy Collector in charge of Treasury, Bellary,—No. 3453, dated the 9th December 1864.

Previous to complying with your indent for currency notes, dated 30th ultimo, I have the honor to request that you will inform me, if possible, whether the notes in question are intended for circulation in your district, or for remittance to Madras, to be there exchanged for silver. It seems obvious to me, from the unprecedented demand for notes at this particular time, when merchants have to make their remittances to Madras, that the notes are required solely on the latter account, and if such be the case, I beg to remark that the Government of India have distinctly pointed out that the object of the Paper Currency is to "provide a cheap "and convenient circulation, and not to furnish individuals with the means of making their "remittances at the public expense."

I need hardly point out to you that the indiscriminate and wholesale issue of currency notes to parties merely requiring them for the purposes of remittance, must necessarily cause both inconvenience and expense to the Government, as it brings silver to your treasury, where

it is not required, and from whence it has to be conveyed at considerable expense to Madras and it at the same time withdraws an equal amount of specie from the bank, where money is much needed and especially at the present time.

I would remark, moreover, that the issue of currency notes for the purpose above mentioned is a direct interference with the legitimate exchange operations of your district, as it cannot be doubted that there are soucars and others who are as willing, as they are able, to grant to traders bills on Madras, provided that they can obtain for them their full market value, and I have no doubt whatever in my own mind that it is solely with the view of evading the premia chargeable on such bills, you have now received so many applications for notes. I cannot, however, admit that the merchants have any right to expect that the Government should bear the cost and risk of the remittances made by them, and I request, therefore, that you will revise your indent,* and apply for such notes only as may seem to you needed for circulation in your district.

* Herewith returned.

From the Deputy Collector of Benares,—dated the 10th March 1866.

I have the honor to submit, for the information of the Commission assembled for the purpose of inquiring into and reporting on the operation of Act XIX of 1861, the following replies to the queries contained in your Circular of the 16th ultimo :—

No. 1.—Government currency notes are seldom received and paid away by the Natives of this district at their full value.

No. 2.—From the answers of those whom I have consulted on the subject, I gather that the refusal on the part of the Government Treasury here to cash notes is the principal, if not the only, reason for their depreciation. The rate of discount is generally governed by the state of the money market, but it seldom exceeds Rs. 2 per cent., or falls below 1 rupee. Notes of the Allâhabad circle being received by Government in satisfaction of their demands, sell at a lower rate of discount than those of other circles.

No. 3.—Notes are always procurable from the Government Treasury in exchange of silver, but they are never cashed, save notes for small sums when presented by travellers. Our stock of notes is much more than what we actually need with reference to the demand we have for them.

Nos. 4 to 7.—The present arrangement of circles, with a separate note for each circle, has this disadvantage. Notes belonging to one circle are not current in the others; and so long as this state of things exists, notes will be little used in making remittances from one station to another. Thousands of rupees are daily remitted from this to Calcutta and from Calcutta to this by means of hoondees; and if notes of the Calcutta circle were payable from this treasury, as also of this circle from Calcutta, they would replace the hoondees to a certain extent. The plan of increasing the number of circles is open to the same objection. I would have a single description of note throughout India, making it convertible on demand, not only at the Presidency towns and seats of local Governments, but also at the head quarters of revenue divisions. I would also suggest that authority be given to other treasuries generally to cash notes to such an extent as would not interfere with the ordinary wants of their own districts.

Nos. 8 and 9.—Hundreds of rupees are sent from this to Calcutta by postage labels on account of printing charges, price of books, subscriptions for newspapers, and family remittances, and people would gladly use notes for Rs. 5 for the purpose, and these would have a wider circulation and a larger currency, and I would have them convertible at every treasury.—See replies to queries 4 to 7.

No. 10.—Very seldom I suppose. I have not been able to trace out one instance.

No. 11.—Yes, it is invariably the practice of Native bankers to exact discount in cashing notes.

No. 12.—There are no bankers here that I know of who do so.

No. 13.—No, they do not prefer notes to hoondees, as notes are not cashed at this treasury.

No. 14.—When my cash balance runs very low, for other reasons than that alluded to, I immediately apply to the Accountant General, who always orders the adjacent Goruckpore, Jounpore, and Azimgurh treasuries to send me their surplus. There is no railway between Benares and these stations. Currency notes are not cashed to any great extent at this treasury.

Nos. 15 and 16.—This treasury has never failed to meet the public demand for Paper Currency.

No. 17.—Rs. 14-12.

No. 18.—Rs. 9-14.

No. 19.—Rs. 9-14.

Nos. 20 and 21.—No, they do not generally bear a higher value here than in the Presidency towns.

No. 22.—The people are fond of gold for the purposes of ornaments, but not for hoarding and circulation.

No. 23.—I think they would not, as the least abrasion would cause it to be sold at a discount.

No. 24.—Yes, gold coins of Rs. 15, 10, and 5 will find more favor than notes.

No. 25.—I do not think that a Gold Currency will afford any aid to the establishment of a Paper Currency.

No. 26.—Very little silver, I think, would have the preference.

No. 27.—I am of opinion that silver would have the preference, as it could be easily changed, and would be of smaller value than notes or gold.

No. 28.—Gold is only used for ornaments.

No. 29.—Native gold mohurs are not used as a currency; they are preferred to the English gold mohur for the sake of making ornaments.

No. 30.—1, Jeyporee; 2, Moorshedabadee; 3, Akbaree; 4, Dukhunee, 5, Pootlee; 6, Tilla; 7, Nepalee; 8, Mudur Mulee; 9, Charyaree; 10, Delhi; 11, Lucknowee.

Nos. 31 and 32.—They bear an artificial value according to their respective denominations, but it exceeds very little their intrinsic value.

The delay in sending this in has taken place on account of my waiting for the opinion of the Agent, Bank of Bengal, at this station, on the subject, which, however, I have not been favored with yet.

From the Officer in charge of the Treasury, Bhaugulpore,—dated the 10th March 1866.

No. 1.—No.

No. 2.—Difficulty of cashing notes at local treasury. The discount varies from 2 annas to 1 rupee per cent. according to circumstances. The average cannot be fixed.

No. 3.—(1), In exchange for silver, notes are given without reserve; (2), notes are only cashed in small sums, as convenience to private parties and travellers in cases where the cash balance is not materially affected by such disbursement.

No. 4.—No; abolish all restrictions as to cashing notes at Government treasuries, and notes will circulate freely.

No. 5.—No. The objections are,—(1), many merchants resident in this circle of issue, have branch establishments in, or carry on trade with persons living in, another circle, *e. g.*, between Bhaugulpore and Mirzapore there is great commerce, and consequently remittances are frequently required to be sent from one place to the other. Notes are useless for such purpose, or, at all events, are seldom or never used; for, if A of Bhaugulpore sends a Bengal currency note to B at Mirzapore, B cannot get it cashed at the Mirzapore Treasury, and returns it to the sender. (2), a note of one circle lost in another circle cannot be readily traced. The issuing authorities of one circle afford no facilities for the recovery of lost notes of another circle. In endeavouring to trace notes of one circle in another, confusion would necessarily arise from the numbers used in one circle being different from those of another. (3), the numbers and designation of notes are in English. A Native who is ignorant of that language, when a note is brought to him has no means at hand for learning of

what circle it is, or its number; all he can know is, that it a certain value, the amount being stated in the vernacular of the circle of issue, as wis oft English. In the event of its being lost, he is helpless to trace it.

No. 6.—No, the objections are the same as above.

No. 7.—One universal note, convertible without restricton at any Government treasury, would find most favor with the Natives, and would readily circulate.

No. 8.—Yes, on the ground of its convenience in small monetary transactions. It will be a long time before the lower class of people readily take to Notes; the smaller the notes, the sooner this time will arrive.

No. 9.—Yes.

No. 10.—Yes, notes of large value, when they can get them; but they cannot always get a supply. The treasury stock is soon exhausted, and great delay always occurs in getting it replenished. Except from the treasury, they have no other means of obtaining notes at any moment, as they do not readily circulate.

No. 11.—Yes, in all cases where the cashing is for the convenience of the holder.

No. 12.—Yes, when they get the chance; but that is seldom.

No. 13.—In the case of notes of high value on the ground of cheapness.

No. 14.—Application is made to the Accountant General, Calcutta, between which place and this there is railway communication.

No. 15.—Yes.

No. 16.—None.

No. 17.—None in the bazar; some now and then are brought from Calcutta by travellers; the value varies from Rs. 14-4 to Rs. 15 according to the demand. They are bought up at this price, and are sold at a price varying from Rs. 15 to Rs. 16.

No. 18.—Mahajuns buy at Rs. 9-12 or Rs. 9-14, and sell at Rs. 10 or Rs. 10-4.

No. 19.—There are none.

No. 20.—No.

No. 21.—No answer necessary.

No. 22.—Yes, the people only hoard Native coins, not Government ones.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—I am unable to give a definite opinion on this point.

No. 26.—Yes.

No. 27.—They think notes a good institution so long as no restrictions are placed in the way of cashing them at the Government treasuries. They prefer a Silver, Gold, and Paper Currency.

No. 28.—No.

No. 29.—Now and then, but are chiefly used for hoarding or ornaments.

No. 30.—Kuldar, coined at Moorshedabad; Joynagoree, coined at Joynagore; Mahomedshahee, coined at Delhi.

No. 31.—Only one of them—the Kuldar.

No. 32.—The other two bear no artificial value.

From the Officiating Collector in charge of the Treasury, Bograh,—dated the 19th March 1866.

I have the honor to forward replies to the questions contained in your Circular of the 16th ultimo.

Nos. 1. and 2.—Government currency notes are received at their full value; but the Native community in this district prefer cash, except for small amounts. Notes have almost always been refused to me by the Accountant General, so that the circulation of them is very limited. When they are available, I believe they are almost exclusively used for sending remittances to other districts.

Nos. 3 and 4.—Notes are issued for cash without reserve, when there are any in the treasury. Notes are not cashed, except in small quantities, and, in general, as a convenience to travellers. The facilities are, in my opinion, very insufficient. I would suggest that notes be freely supplied to the treasuries; and that treasury officers be allowed to cash notes to any extent of which their cash balances at the time may admit. I cannot, of course, say whether this suggestion is capable of being carried out or not; but if it were carried out, considerable expense might often be saved in transfer of treasure.

Nos. 5, 6, and 7.—I have no data to go upon, and therefore must decline answering these questions.

Nos. 8 and 9.—Notes of 5 rupees would probably be very convenient for poor people making remittances. Notes for 20 and 10 rupees are the most eagerly sought after now.

No. 10.—Shroffs and Native bankers at present mainly confine themselves to their own system of hoondees, but they are glad to get notes when they get the offer; and if notes were always available, I have no doubt they would prefer them.

No. 11.—They always exact discount, except now and then, when they are in urgent want of Notes. The rate varies according as they want notes or not

No. 12.—Not, I believe, in this district.

No. 13.—Answered above.—See No. 10.

No. 14.—The nearest treasury is at Rungpore, 72 miles off. Dinagepore is almost equally near; and there are others at Rajshahye and Pubna. The first-named treasuries are connected with Bograh by good country roads.

No. 15.—Yes.

No. 16.—The reason assigned was, that this being an out-of-the-way treasury, difficult of access, and also one at which the cash balances are always large, it ought rather to cash notes, which, however, is forbidden by the treasury rules.

No. 17.—Rs. 16.

Nos. 18 and 19.—Sovereigns are unknown here.

Nos. 20 and 21.—I have no means of judging.

No. 22.—The people are fond of gold for hoarding and for ornaments. I cannot answer the question as to circulation. I am told they prefer silver for hoarding.

Nos. 23 and 24.—The Natives would like a Gold Currency if in full and free use; but would probably like the coins to be for small values, as 10 and 5 rupees, especially the latter. They would prefer the gold to notes for all purposes, except remittances; and a 5-rupee gold coin would probably be very popular.

No. 25.—Yes, probably.

No. 26.—I am unable to judge.

No. 27.—Shroffs and dealers would prefer silver and gold to silver alone, and probably silver, gold, and paper to anything else.

No. 28.—Not to my knowledge.

No. 29.—Very little.

No. 30.—Akburee, Charyaree, and Sooltani are those known here.

Nos. 31 and 32.—They bear an artificial value considerably above their intrinsic value, and varying according to the amount of gold in them and the purity of the gold. The gold in them is always purer than in the Government gold mohurs. Old gold mohurs also vary in value according to the reigns they were coined in.

From the Assistant Collector in charge of the Treasury of Boolundshuhur,—dated the 16th March 1866.

In reply to your Circular dated the 16th ultimo, I have the honor to submit the following replies to the queries on the subject of the "Government Paper Currency":—

No. 1.—No, notes are seldom used by Natives in private monetary transactions, and certainly not by inhabitants of the rural villages. When they are so used, I should say they were never received or paid away at their full value.

No. 2.—The reason of their depreciation is the difficulty of convertibility and the immemorial custom of Native traders and money-dealers to charge for changing money of any description. The shroffs charge a premium for cashing notes of ½ per cent. average rate; I believe it is not uncommon to charge 1 per cent. and even 2 per cent. The depreciation, which always accompanies a system of inconvertible paper money, results also from the present partially inconvertible currency. Notes are not brought to the treasury to be cashed. The discounters collect them and send them to the central offices of issue to be discounted, and they must, of course, get a profit for their trouble.

No. 3.—The officer in charge of the treasury goes by the rules of the Accountant General, dated 12th June 1864 and 14th November 1864; notes are seldom brought to the treasury to be discounted, and, since the last orders, very few have been issued. They were previously used to some extent as remittances to Calcutta.

Nos. 4, 5, 6, and 7.—I do not think the facilities at present afforded for issue and conversion of currency notes are at all sufficient to establish the system in the confidence of the Natives. The majority of Natives do not understand currency notes at all. As soon as they receive them they proceed to cash them in case they should lose their value. Notes are almost exclusively used as remittances. Hence notes belonging to other circles come into this district, and, as they cannot be cashed at the Treasury, the possessor of the Note is obliged to get it cashed by a shroff at a loss. The effect of this is, that notes, even for purposes of remittance, do not supersede hoondees. This is not objectionable, as there is no reason why Government should give bills of exchange at their own cost. But it is desirable that travellers should use notes, and the present system of circles renders the convertibility of notes so uncertain and attended with so much trouble that Native travellers prefer taking hoondees with them. Assuming the object of Government to be two-fold, *viz.*, 1*st*, that the notes should generally circulate as money and supply its place; 2*ndly*, that the notes should circulate at their proper value, I should propose, 1*st*, that there be but one circle in each Presidency; 2*nd*, that the notes be readily convertible at each treasury throughout that Presidency; 3*rd*, that the rules regarding issue and encashment of currency notes be explained to all the principal merchants in each town and otherwise published. I think that under any system of Paper Currency it will be a long time before notes are used in place of money in ordinary transactions. It must take time for Natives to get accustomed to such a novelty and to leave the established groove of hoondees and rupees. Till this comes about, notes will be constantly presented for encashment, and will be used only for remittances, or by travellers in place of hoondees. It follows from this, that the longer difficulties are thrown in the way of the convertibility of notes, the longer it will be before the Paper Currency is established in the confidence of the people. Hence I propose as above. This, if carried out, will restore the proper value of notes at and near the sudder treasuries of each district. The bankers and merchants, however, in the large towns will still refuse to cash notes at par which they must send to the station to realize. If a rule be made that at each tehsil treasury notes be convertible, the depreciation of the Paper Currency will at once be still further obviated. This I do not now recommend for the simple reason that, till Natives cease to cash notes directly they get them, it would be impossible to keep enough money in the tehsils to meet all probable demands. In this district, we should have to keep a large treasury at Secundrabad and Khoorjah, there being a much more extensive trade there than at Boolundshuhur. I am aware also that there are difficulties to be met with, if there be but one circle for all

notes and notes be convertible on presentation at every treasury. These difficulties consist in the necessity of keeping a constant reserve to meet the demands. In this district there is no doubt that, under the system I propose, the Khoorjah and Secundrabad merchants would receive notes to a considerable amount from Calcutta in payments of goods sent there by them. As their payments to zemindars would have to be in cash, they would at once bring the notes for conversion to the sudder treasury and we might have, and probably should have, demands made on us which we could not meet. However, I think there is no other method than that I propose for getting Natives to trust the notes. The difficulty is to provide for the drain on the treasuries before this result is obtained. Up to this time, notes have only been used for purposes of remittances, thereby affording the public a means of making money at the expense of Government, and but few of the advantages of Paper Currency have been realized. In fact, it would seem that a system of money orders to be granted at sudder treasuries at a moderate premium would have the same advantages as the present system of notes, and would repay Government some of their expenses.

Nos. 8 and 9.—I would propose a 5-rupee note on the ground, 1*st*, that it would probably have a larger circulation in ordinary monetary transactions; 2*ndly*, because it would probably not be so frequently converted into cash, and would consequently, to some extent, stop the constant drain on the treasury.

No. 10.—Yes, shroffs and Native bankers hardly ever use notes for any thing else.

No. 11.—Yes, the practice I believe to be universal.

No. 12—No, I do not think they make a regular business of buying up the notes, at least not in this district. They dispose of all the notes they get, and do not use in their ordinary course of business by sending them to head quarters for encashment.

No. 13.—Yest,ecause a note costs them nothing, and a hoondee generally does. Since the last orders (Accountant General's Circular, No. 5, dated 15th August 1865), we have issued very few notes. Previously we issued Rs. 10,000 worth in one month to one merchant.

No. 14.—We should apply to Meerut or Allyghur; we are 40 miles from Meerut, with good pucka road; at present there is no railway communication. The rail to Allyghur is 40 miles from Boolundshuhur.

No. 15.—No, never.

No. 17.—The average value I believe to be Rs. 15.

No. 18.—The average value is Rs. 10, some times over that amount. English sovereigns are brought from Delhi, and sold in the bazars for making jewellery.

No. 19.—Apparently, not known here.

Nos. 20 and 21.—I cannot ascertain.

No. 22.—For hoarding, they prefer gold for burying to any other coinage. At present, it is not used for circulation, as the market rate varies so much.

No. 23.—Yes, I think the Natives would like a Gold Currency. As they say themselves, it is so easy to hide. This with them is an important consideration, as they think it necessary always to keep their money in their own possession, as a provision for troublous times. They would like it also for its convenience. They could carry their money in gold much easier when on a journey. The hoondee-dealers would object to it for this very reason, because it spoils their trade.

No. 24.—They would prefer the gold coins to notes, as they could not bury the latter Besides, paper is liable to lose its value in the event of a change of Government.

No. 25.—In reply to this question, one can only make a conjecture. Notes are not really in circulation at all here, but I should say that gold would help the Paper Currency in course of time, when the latter begins to circulate.

No. 26.—Of course, gold being so much easier of carriage would help outlying treasuries in securing the convertibility of the notes.

No. 27.—I think the shroffs and money-dealers will like silver best without gold or notes. There is nothing which gives so much profit to hoondee-dealers as a system of silver coinage.

No. 28.—I have not heard of bar gold circulating in this district.

No. 29.—No, they are only used for making jewellery and burying.

No. 30.—Jharshahee, Mahomedshahee, Moorshedabadee, Lucknow, Alumshahee, and Chehroshaee.

Nos. 31 and 32.—The value of gold mohurs is derived partly from their intrinsic value, and partly from the artificial value arising from the reputation the coinage bears for fineness of metal, &c.

From the Collector of Budaon,—dated the 22nd March 1866.

I have the honor to reply *seriatim* to the questions put in your Circular of the 16th ultimo :—

No 1.—In these parts, Government currency notes are not readily received and paid away by the Native community at their full value in private monetary transactions, in proof of which it may be adduced that of Rs. 43,400 (of which notes valuing Rs. 11,400 were received from the public, and notes valuing Rs. 32,000 from the Allahabad office), value of notes received during the past twelve months, only Rs. 39,840 worth have been purchased from the treasury, of which only Rs. 4,600 worth were purchased by Natives.

No. 2.—The reason for this depreciation is, that the Government note is not one universal to India, nor one that can be cashed at any Government treasury; besides, if lost or stolen, no refund of the amount of the note is allowed, except where half of the note is forthcoming, and this payment is always obtained with much difficulty and some expense; whereas if a "hoondee" is lost or stolen in transit, a duplicate is at once obtained and advice given accordingly. Discount is charged by all Native bankers and shroffs on Government currency notes, if the value is required of them in cash, and the rate of discount differs according to the distance of the head office of the circle to which the note pertains. There is no fixed rate of discount on Government currency notes; in fact, "hoondees" discount cheaper. But the average rate of discount on Government of India notes is 3 per cent.; that on the Allahabad circle note only a few annas per cent., as this last note is received into our treasury when tendered in payment of Government revenue.

No. 3.—A sufficient stock of notes of the Allahabad circle is always kept in the sudder and in the Mofussil treasuries for the accommodation of the public. Any one has only to send money to the treasury, and he gets notes in no time. Similarly, notes of the Allahabad circle for any amount are received in the sudder and mofussil treasuries in liquidation of the State demand. They are also cashed at the sudder treasury to a certain extent, but this, of course, depends on the number of notes there are in the treasury at the time of cashing; the present practice is to cash notes so long as the fixed maximum number is not exceeded. Notes of smaller values are also cashed even when they exceed the maximum number.

No. 4.—No; these facilities are not sufficient. A system of cashing all notes at all the Government treasuries should be introduced.

No. 5.—No; on the contrary, I think, the present arrangement of circles, with separate notes, retards, instead of furthers, the object aimed at. I would have only one circle for the whole of India, instead of the many circles which we at present have.

No. 6.—It would be a very good arrangement, indeed, if we could establish offices of sub-issue at all the chief treasuries all over the country, where all notes should be cashed on demand.

No. 7.—I would prefer the plan advocated in my last answer to that of having a note convertible only at Presidency towns, and at certain specified treasuries, and for the following reasons :—

1*st*.—The Natives of India are a suspicious race, and, as yet, not so well informed on these matters as they might be. They repudiate a note for which they cannot get cash in exchange at the treasury of their district.

2ndly.—They are essentially apathetic, and must have everything brought home to their doors. The present system of Paper Currency creates, in their minds, both suspicion and distrust; and those who understand the system will not be at the trouble to avail themselves of it when it is attended with so many vexatious delays; or, if the establishment of the offices of sub-issue (advocated in reply to preceding question) at each of the sudder treasuries be found impracticable, then I would turn the treasury of the head quarters of the fiscal division into an office of sub-issue, where all notes should be cashed. The present arrangement at the sudder and Mofussil treasuries of a district to stand good, that is to say,—

a.—All treasuries situate at the head quarters of the Commissioners' divisions to cash all notes on demand.

b.—The sudder treasury of a district to receive all notes in liquidation of Government demand, and to cash notes up to a certain maximum number. And, in addition, to cash other notes if its surplus cash balance admits of it.

c.—The tehsilee treasuries should receive all otes in payment of Government demand. They should also cash notes under the special orders of the collector of the district in which the said tehsils are situate, which orders would not, of course, be issued, unless the collector saw that his Mofussil treasuries were in funds to meet the demand. To meet an unexpected demand for money in exchange for notes at the divisional treasury, I beg to suggest that all surplus cash balance in the district treasuries subordinate to the said divisional treasury be remitted thereto periodically.

No. 8.—I am not in favor myself of a 5-rupee note. A 5-rupee gold mohur would be really popular, while a note of that value would not.

No. 9.—Notes of a small value would, no doubt, have a greater currency than those of a higher value. But this system of currency would have to spread from large centres and towns, and would take years to perfect. I am decidedly against its introduction.

No. 10.—Never; unless they can make a little money by the transaction in the way of discount; as a rule, such notes go begging.

No. 11.—Invariably.

No. 12.—They do not lay themselves out to buy notes for this specific purpose. On the contrary, if, as is often the case, they have landed property in the district, they prefer, when they get hold of notes in this manner, to pay them into the treasury in liquidation of Government revenue, thus, of course, saving themselves from the risk they would incur by sending the note to the head quarter circle to be cashed.

No. 13.—No; because they have, from time immemorial, been accustomed to the use of hoondees, and it is therefore no wonder that they should prefer those to notes. The Natives, as a rule, are distrustful of any change.

No. 14.—Such a contingency has never occurred in this district, nor is it ever likely to occur with the present system of Paper Currency. But if it did occur, I should apply, in the first instance, to the divisional treasury for funds. Both our own and the sudder divisional treasuries are situate on the Rohilcund trunk road, which is metalled throughout in this Division. If I did not get the supply sought for from that treasury, I would apply to the treasuries of adjoining districts for the requisite amount. But remittances from one treasury to another are not permitted in these provinces, save under the authority of the Accountant General.

No. 15.—No; this treasury always met the public demands for notes, as our indents were always complied with, and the Paper Currency in this district is almost nominal.

No 16.—We never had occasion to refuse any requisition for notes.

No. 17.—Its average value is Rs. 15-4; but it is seldom used here for currency.

No. 18.—The English sovereign fetches Rs. 10-8 here.

No. 19.—The Australian sovereign fetches Rs. 10-8 here

No. 20.—Yes, decidedly.

No. 21.—The reason, I believe, to be this; it is the universal custom amongst well, to-do Natives to make a present of money on certain occasions, such as marriage, feasts, &c., &c. and it is considered the correct thing if such present is made in gold. For the Government gold mohur they have to pay over Rs. 15, and they prefer, therefore, to purchase the English sovereign at Rs. 10-8. These sovereigns are consequently much sought after, and I have been credibly informed by very respectable Natives that the above is the reason for it; and knowing the parsimonious habits of the Natives of the country, coupled with their love of display, I can well believe such to be the case.

No. 22.—Yes, most decidedly; and when going on a journey, a man invariably provides himself with gold, as being so much more portable.

No. 23.—Every Native whom I have asked has answered this question in the affirmative.

No. 24.—Gold coin of the value denoted would find great favor in the eyes of the people; but the generality of those whom I have interrogated seem to be of opinion that two gold pieces, one of 5 and the other of 10 rupees value, would suffice for all their wants. They did not seem to be in favor of any gold coin of a higher value than 10 rupees; and, on the other hand, they were greatly in favor of the 5-Rupee gold piece. They would not look at notes of the same value were a Gold Currency of any kind in existence.

No. 25.—Most undoubtedly, as regards notes of large value; but not for those of small amount, as these would, as already remarked above, be discarded for the gold coinage.

No. 26.—Yes; a Native, as a rule, would invariably ask for gold instead of for silver, when cashing his note at the treasury,—(*1st*), because he prefers the gold to the silver coin; and (*2ndly*), for the same reasons as we ourselves, when cashing even a 10-pound note at home, prefer to have it in gold instead of in silver, as being more portable; and keeping gold coin in treasuries for this purpose would do away with the monopoly that Native bankers and shroffs at present enjoy of this coinage. It would again, on the other hand, assist very greatly the circulation of notes of large value. Shroffs would readily take these when they knew that they could get gold, which they are fond of hoarding, in exchange for them at any treasury.

No. 27.—They prefer silver, gold, and paper.

No. 28.—Yes; bar gold does circulate very considerably. It comes principally from Delhi and Muttra, but is also manufactured here from gold coin melted down. They have a stone called *kussowtee*, by which they test its purity.

No. 29.—Gold mohurs of every description, Native or English, and English and Australian sovereigns, are much sought after and bought up. But they are not obtainable in sufficient quantities to constitute a currency of their own. The fact of these coins being always at a premium is a sufficient indication of their being held in great favor.

No. 30.—Independent of the Government of India gold mohur, there are four kinds of gold coins in circulation here,—the first, in value as to gold, and therefore most sought after, is the old Jeyporee gold mohur; the second, the old Government Kuldar, or Mookshoodabad mohur; the third, the Lucknow; the fourth, the Charashahee.

No. 31.—They always fetch their intrinsic value, and generally something over; this last, however, of course, depending on demand and supply.

No. 32.—They do not bear an artificial value, according to their respective denominations, or as coming from certain Native States. Their value fluctuates. After a good harvest, or at the time of the great yearly Hindoo fairs and festivals, as also at the seasons appointed for marriages, &c., they are in great demand. At these periods they are only to be had at a high premium, and with the demand, large quantities of them are indented for and imported into this district from the country beyond the Ganges. At other seasons of the year, when the demand is slack, they are obtainable at a lower rate of premium; but they are never at a discount.

From the Officer in charge of the Treasury, Bullooah,—dated the 24th February 1866.

I have the honor to acknowledge the receipt of your Circular dated 16th February, and to append my answers to the questions proposed in the order set down in the Circular :—

No 1.—When notes are scarce, premium is demanded, otherwise they are paid and received at their full value.

No. 2 —Owing to scarcity of notes, parties requiring them have to pay a premium, which varies from 1 to 2½ per cent.

No. 3.—The treasury is always open to the public for exchange transactions ; but the treasury has never been supplied with notes to the full extent of its requirements.

No. 4.—The establishment of offices of sub-issue at the sub-divisions would certainly facilitate the exchange transactions.

No. 5.—An universal Paper Currency would answer better, as it could be widely circulated. The notes being limited to circles is one of the many reasons why they are not appreciated by the Natives.

No. 6 —An increase in the number of circles would increase the circulation in the same ratio as the establishment of offices of sub-issue would ; but an universal currency note is preferable, since it could be remitted to all parts of India.

No. 7.—The better plan seems to be to have one universal note for all India, convertible not only at the Presidency towns, but at all Mofussil treasuries. This plan has been strongly advocated by the leading shroffs and dealers.

No. 8.—Yes, it would answer very well for small transactions.

No. 9.—Notes of greater value are much used for purposes of remittance, but the smaller notes would certainly have a wider circulation, when people become accustomed to them, in daily transactions of business.

No. 10.—Yes, it is one of the main objects why notes of greater value are so much sought after.

No. 11.—Not at all times. They are generally cashed at par.

No. 12. —Notes are so scarce in this country that such is not the case here.

No. 13.—Since duplicates of hoondees are obtainable, they are preferred. The loss of currency notes involves the loss of money.

No. 14.—I would first apply to the neighbouring treasuries. It is not likely, however, that silver would run short in this treasury.

No. 15.—Owing to our indents for notes not having been complied with, demand for Paper Currency has not been met.

No. 16.—The reason assigned is that they are not available.

No. 17.—Rs. 14-8.

No. 18.—Rs. 9-12.

No. 19.—Rs. 9-12.

No. 20.—The coins mentioned bear rather a lower value in the Mofussil bazars than in the Presidency towns.

No. 21.—Because few people know the intrinsic value of them.

No. 22.—Not for circulation, but for hoarding.

No. 23.—From enquiries I find that, as the price of gold is fluctuating, the Natives would not like a Gold Currency.

No. 24.—Notes would find more favor.

No. 25.—I do not suppose it would.

No. 26.—I do not suppose it would.

No. 27.—I have consulted the shroffs and dealers. They prefer *Silver and a Paper Currency*, and do not advocate for a Gold Currency.

No. 28.—Gold bar is not in use in this district.

No. 29.—No.

No. 30.—Akburee, Sooltani, Charyaree, Dhrung, Mahomed Shah, Shah Alum Padsha Arcot.

No. 31.—No, according to demand.

No. 32.—They are valued according to the quality of the gold.

From the Assistant Commissioner in charge of the Treasury, Bunnoo,—dated the 5th March 1866.

I have the honor to forward herewith my replies to the queries contained in your Circular dated 16th ultimo. Having only recently been placed in charge of a treasury for the first time, I do not feel competent to reply to many of your questions; but I have, to the best of my ability, obtained the information which you require from the sources at my disposal:—

No. 1.—No.

No. 2.—I imagine the reason for their depreciation to be the fact that they are only cashed at treasuries when presented by travellers. The average rate of discount is 8 annas per cent.

No. 3.—Notes can always be obtained from treasuries in exchange for cash; but by existing orders, the converse is only permitted in the case of travellers.

No. 4.—I would suggest that the facilities for cashing notes at treasuries be increased, *i. e.*, extended to persons other than travellers.

Nos. 5, 6, 7, 8, and 9.—I have not had sufficient opportunities of observing the working of the present arrangements, to be in a position to offer any opinion on the subject mooted in these queries.

No. 10.—Notes are rarely, if ever, used by the Native bankers of these parts for purposes of remittance.

No. 11.—Yes.

No. 12.—I believe not.

No. 13.—No, the hoondee is much preferred.

No. 14.—Application is made to the Accountant General of the Punjab.

No. 15.—Not hitherto.

No. 16.—*Vide* reply to preceding query.

No. 17.—The Government gold mohur is unknown in this district.

Nos. 18 and 19.—*Vide* preceding reply.

No. 20.—I have had no opportunity of judging.

No. 21.—*Vide* preceding.

No. 22.—For hoarding, *yes*; for circulation, *no*.

No. 23.—The mercantile classes would undoubtedly.

No. 24.—Probably, the Native likes to have his wealth in a tangible form.

No. 25.—I cannot say.

No. 26.—I should think so.

No. 27.—We have no dealers of any importance in this place.

No. 28.—Not that I am aware of.

No .29.—Yes.

No. 30.—Khorasance, Candaharee, Jeyporee, Furruckabadee.

No. 31.—Yes.

No. 32.—No.

From the Deputy Collector in charge of the Burdwan Treasury,—dated the 3rd March 1866.

With reference to your Circular dated 16th February 1866, I have the honor to send herewith the replies to the several questions therein put regarding the working of Act XIX of 1861 :—

No. 1.—In private monetary transactions, Government currency notes are generally paid and received at their full value by all persons, except the bankers and shroffs, who levy a discount on encashment. The practice of the Native banks to levy a small discount has prevailed since Paper Currency has been introduced into this country, and people readily pay it to avoid going to the bank or treasuries to cash notes.

No. 2.—The average rate at which notes are discounted in this district is 1 rupee per every 1,000 rupees, and this is no depreciation of the notes, inasmuch as the discount is paid for the sake of convenience only in cashing them.

No. 3.—Notes of small value only are cashed in the treasury for the convenience of travellers, as provided for in the Board of Revenue's Treasury Rules. Notes are, however, given out in exchange for silver freely in this treasury.

No. 4.—The restriction of exchanging silver for notes is productive of great inconvenience to travellers as well as to the community at large, and ought, in my opinion, to be removed. I would suggest, however, that whenever notes for any large amount are presented for payment by a private individual, a security may be taken from him.

No. 5.—I think the arrangement of circles, with separate notes for each circle, is not convenient to the community at large. Merchants and others from the precincts of one circle proceeding beyond it with notes thereof are often inconvenienced in cashing and paying them as value of commodities. This prevents circulation to a certain extent, and treasury officers are obliged to keep and remit the notes of other provinces separately.

No. 6.—I would do away with the system of circles altogether, and prefer the plan of having one universal note for all India. Notes of different value, having a separate consecutive number for each, can be impressed at Calcutta in the central office, under the control of the Government of India, and sent to the several Presidencies for circulation, from which Presidencies supplies might be sent to the treasury officer on indent. Notes must be convertible into silver at every treasury in the Empire, and I think arrangements can be made with the adjacent treasuries, especially those on the railway lines, to meet deficiency of cash in one from the surplus of another. Such a radical change will infuse perfect confidence in the Native merchants and travellers, and currency notes will find their way almost to every house.

No. 7.—The above reply is applicable to this question also.

No. 8.—No, a note of a smaller value than Rs. 10 will not be liked by the Native community. For small sums preference is given to silver, as it can be used and changed into copper anywhere without any inconvenience whatever.

No. 9.—I do not think, for the above reason, that 5-rupee notes can possibly have any extensive circulation.

No. 10.—Shroffs and bankers of this district seldom, if ever, use notes for the purpose of remittance.

No. 11.—Yes, in all cases of cashing notes they levy discount.

No. 12.—The bankers are not in the habit of buying notes at a discount for the purpose of sending them to the head quarters.

No. 13.—Generally they prefer hoondees to notes for making remittances; there are, however, exceptions.

No. 14.—Up to date, my treasury has never been short of silver reserve owing to a large number of currency notes being presented for cash. If it, however, so happens, I can at any time replenish the same by applying to the Maharajah of Burdwan, who has to pay upwards of 30 lakhs of rupees at this treasury annually.

No. 15.—No; indent for notes has never been made from my treasury, as the daily receipts are more than sufficient to meet the demands of the public.

No. 16.—Requires no reply.

No. 17.—The average value of the Government gold mohur in the bazar here varies from Rs. 15 to Rs. 15-8.

No. 18.—The English sovereigns are to a small extent in circulation in this district: the average value thereof is Rs. 10-14.

No. 19.—Rs. 10-2; not much in circulation.

No. 20.—Yes.

No. 21.—Because it is not considered as a legal tender, and for the simple reason that a sovereign being worth more than 10 rupees, people would gladly accept, but would not part with it at this value. The gold of the English sovereigns being peculiarly fitted for ornaments, they are much used for this purpose.

No. 22.—People are certainly fond of gold for the purpose of hoarding, but, in the Mofussil, its circulation can only be partial. I doubt not, however, that in large towns the use of gold will be extensive.

No. 23.—I believe they would, especially those who are engaged in trade, as it would tend to their convenience in sending money from one place to another. But the use of gold, in ordinary pecuniary transactions, will be a work of time. The Natives of this country having long been used to silver only, will, for some time, continue to prefer it as a medium of commerce, and receive gold for hoarding and melting for ornaments.

No. 24.—When gold is made a legal tender like silver, gold coins of Rs. 5, 10 and 15, will be acceptable, and the Mofussil people will like it better than notes.

No. 25.—It would.

No. 26.—I believe it would.

No. 27.—The Native bankers I have consulted on the subject differ much in opinion from each other, the majority preferring silver and paper as at present.

No. 28.—No bar gold obtains circulation in this district.

No. 29.—Native gold mohurs are not used in this neighbourhood as means of currency; they are purchased occasionally for hoarding.

No. 30.—The following are the names of the gold mohurs known here:—

Jeypore mohur	weighing as.	15	valued at	Rs.	15-12.
Moorshedabad ditto	„	16	„	„	20.

No. 31.—They pass generally for more than their intrinsic value, for the purity of the gold, and in proportion to their scarcity, and the estimation they are held in.

No. 32.—The above answer is applicable to this question also.

From the Deputy Commissioner, Cachar,—dated the 5th March 1866.

The accompanying answers to the queries in his Circular of the 16th ultimo are forwarded to the Secretary to the Commission assembled for the purpose of enquiring into and reporting on the operation of Act XIX of 1861:—

No. 1.—Notes are received and paid in the bazar, but not at par. They are unknown in the interior.

No. 2.—One per cent. is usually charged for cashing a note, although, where there is a flood of notes in the bazar, as much as 2 and 3 per cent. is demanded. The mahajuns also charge a premium of a ½ per cent. in supplying notes for money when these are in request. The reason of the depreciation of the note is simply that it is not convertible.

No. 3.—When money is not scarce in the treasury, and when there are not too many notes in hand, small notes are exchanged at the treasury for silver. Notes of any value are always received at the treasury in payment of any Government due, or in purchase of drafts.

No. 4.—No, this is not sufficient. All notes, under any circumstances, should be convertible on presentation. The treasury should be supplied with money to meet the probable demand and with a small establishment. The necessity for this last would be only at first. As soon as confidence was established in the paper, it would hardly be required.

Nos. 5, 6, and 7.—I would advocate one universal note for all India. Separate notes and separate circles only create confusion and suspicion in the Native mind, and are inconvenient to the public in many ways besides. This one note should be convertible, not only at the Presidency towns, but at every Government treasury in India. The confidence of the Natives would be much shaken if this were not the case, and if cash were refused for the paper at any one treasury.

Nos. 8 and 9.—I do not think a 5-rupee note would be of much use, or that it would have a much larger currency than a 10-rupee note. It is my impression that for India, a note cannot be made too small, and I would suggest the issue of 1-rupee notes. There should be square pieces of papers with 16 compartments, each compartment representing an anna, and these compartments should be made so as to be easily torn and separated, so that one might be made of each of them separately. A Native then going to market with his 1-rupee note would be saved the trouble of going to a shroff to change his rupee (which he would have had to do even if he had silver), and pay a pice or two of batta, and could at once go to his fishmongers or his grocers and pay them in anna pieces of paper torn from his 1-rupee note. These fractions of the 1-rupee note should always be received as money, and should, in like manner, as the whole note, be convertible, but in copper, not silver. When presented, the whole Note should be convertible in silver or copper at the wish of the applicant. These fractions of notes should further be admissible as postage stamps on letters, as receipt stamps, or as judicial stamps, or to meet any requirement of the Stamp Act when affixed to the proper value; none but entire 1-rupee stamps should ever issue from the treasury. The fractional parts, when received back, to be destroyed. A 5-rupee note would be too large for the common run of Native to take to market with him. If he did so he would first have to convert it into silver, and then a portion of the silver into copper, losing most probably at each of these transactions.

No. 10.—Yes, money is remitted to Calcutta in this way by the mahajuns; the notes having been discounted here by them.

No. 11.—Yes.

No. 12.—Yes.

No. 13.—Hoondees are preferred, being had at par, and being safer.

No. 14.—No rail or road, but a river. Sylhet would be the first treasury applied to, and in default of there being no silver there, Dacca or Calcutta.

Nos. 15 and 16.—There never has been any great demand for notes.

No. 17.—From 15 to 16 rupees. Rs. 16 is demanded when the mahajuns sell them, and Rs. 15 only given when they buy them.

Nos. 18 and 19.—These coins are not known.

No. 20.—The Government gold mohur, I should say, had a higher value in Calcutta.

No. 21.—The purity of the gold is distrusted. There is too much alloy in it.

No. 22.—The people are fond of gold for ornaments, &c., but do not hoard it, as the value fluctuates; silver only is hoarded and that in coin. Gold cannot be said to be current as a coin. It is bought and sold.

No. 23.—Not of the standard of the present Government gold mohur. If a perfectly pure metal, I think they would.

No. 24.—Notes would circulate better than the alloyed gold coins.

No. 25.—I do not think a Gold Currency would help the establishment of a Paper Currency. I think it would keep it back. Nothing but the instant and easy convertibility of the paper would be of any avail in securing the confidence of the people, and this once secured, they would hardly ever think of converting the paper.

No. 26.—If both a Gold Currency and a Paper Currency was fairly established, and gold was as willingly received as silver, it would.

No. 27.—The mahajuns in the bazar would prefer a Paper and Silver Currency only to the exclusion of gold, if the gold is to be alloyed.

No. 28.—Yes, it is bought and sold, and tested to ensure its purity.

No. 29.—Not as currency; they are bought and sold.

Nos. 30, 31, and 32.—Pure gold sells at Rs. 18 per tolah.

Government	gold mohur	= 1	tolah, sells for	...	Rs.	15
Moorshedabadee	"	= $1\frac{1}{16}$	" "	...	"	19 to 20
Delhi	"	= $\frac{14}{16}$	" "	...	"	16
Jeyporee	"	= $\frac{14}{16}$	" "	...	"	17
Furruckabadee	"	= $\frac{14}{16}$	" "	...	"	16
Akbaree	"	= $1\frac{1}{16}$	" "	...	"	20
Charyaree	"	= $1\frac{1}{16}$	" "	...	"	22

From the Acting Collector of Canara,—dated the 19th March 1866.

I have the honor to submit my replies, *seriatim*, to the questions contained in your Circular dated the 16th February last, on the subject of the working of the Paper Currency system in this Collectorate :—

No. 1.—The Native community in these districts are not in the habit of exchanging currency notes in private monetary transactions. Even the well informed classes, consisting of traders, brokers, bankers, and clerks in Government employ, prefer coin, though, if necessary, they will take notes just as a country tradesman at home in a town, where there is no bank, will take one of Barclay's or Smith's, Payne and Smith's notes, rather than lose custom, though he would prefer having cash. It is to a very small extent that notes circulate here at all, and I believe they are rather depreciated in value. The less informed class namely, ryots, labourers, &c., will have nothing to do with them, and I believe they are never received as the wages of labour.

No. 2.—There are two reasons for this; the want of confidence of the people, and the difficulty of converting notes into cash. This want of confidence has several causes. The people do not know the note so well as the rupee. Although such notes may not find their way here, notes have been so well forged in Bombay, that only experts in banking offices could detect the forgery. They cannot read the English words and figures, and thus there is greater possibility of fraud; while every one knows something of silver and gold which, they say, speak all languages. The note is of no value except as currency, while the precious metals are at all times valuable as material for ornaments. The rates at which notes are discounted in this collectorate vary in the several talooks. In Karwar, which is the sudder station of this district, small notes are received free of discount. In the town of Coompta, which is a place of the greatest commercial importance in Canara, the discount ranges from 1 to 2 per cent., and in Sirey, which is the next large town, it ranges from $1\frac{1}{2}$ to $2\frac{1}{2}$ per cent.

No. 3.—In the Government treasuries in Canara, currency notes are changed for silver to a moderate extent, where there is no ground for suspicion as to their genuineness; and when the available cash balance permits of this exchange, notes are sold for cash when they are required for circulation, and not for commercial purposes, under the restrictions contained in the orders of the Government of India quoted in the margin.

8th August 1865.

No. 4.—I do not think that it is necessary to increase the facilities now existing for exchange of notes for silver, and *vice versâ*. It is evident (1), that receipt and issue of notes, without restriction, in and from Government treasuries, is not feasible, since any measure of this description will, by giving traders free access to the cash in the Government treasuries, oblige Government from time to time to replenish or reduce their balances according to the convenience and demands of the mercantile classes, and throw on it the expense of the necessary arrangements, which should legitimately be borne by the parties obtaining the change for their convenience and profit. (2), Nor can the present restrictions be partially modified. To fix a limit of the extent to which notes could be received or sold, whether for commercial purposes or otherwise, would be impossible, because such a limit can scarcely be fixed with reference to the extent of the monetary or exchange transactions in a locality, and it cannot be expected that Government will be able to supply the place of the present means of exchange. The extent to which district treasuries could be made available to the public will depend solely on the amount of cash which Government is from time to time able to command and reserve for the purpose after paying its own expenses. Any partial meeting of the public demand for cash will throw the market into confusion, if Government granted and received notes (which would become equivalent to bills of exchange), thus taking the place of the present dealers in currency.

No. 5.—So far as I am able to judge, I think there should be one circle and note for all India instead of many small circles and a separate note for each circle.

No. 7—All India, especially the Bombay Presidency, since the cotton trade grew up, is becoming, for commercial purposes, one great dominion; and since several most important pieces of legislation have increased this unity, and since it is desirable to have one system of accounts for all India, I am more disposed to concur with the plan of having one universal note, which, like the rupee, should be known and pass everywhere. At present, there are no clearing houses; notes are of little use on the borders of the circles, and thus interregnums exist where no confidence can grow up. There is more internal traffic than might be supposed, and distant towns are connected together by commerce. When railways are made, the circles would probably have to be altered to correspond witht he circles of trade. Even now, there would be complication. The valley of the Indus, for the purposes of trade, ought to be made one circle, although the Punjab and Scinde belong to different Governments. Similar confusion would occur in the Central Provinces. There is also another inconvenience; when, as often happens, a Government servant is transferred from Scinde to the Southern Mahratta country, he would have to take his money in cash, or to exchange his Scinde notes at Bombay if he stopped there. The advantage of smaller circles appears to be, that each circle can manage its own cash reserves. But I see no reason why this should not be done under the system of having one Indian note with sub-circles, or specified Treasuries, which might ultimately be conterminate with collectorates as explained in the preceding paragraph. It must also be remembered that when people can get their notes cashed at any time, they are often in no hurry to do so. A treasury would act somewhat as a bank does in a country town. The knowledge that a note or even a cheque, or bill of exchange, can at any time be realized in cash, makes it much more available as currency, and when at last presented for payment the number of endorsements on it show that it has served in many transactions. In the same way, notes would circulate more freely, and there would be a less run on the treasury, so that the necessity of keeping a large reserve of cash would, in the course of time, diminish. Natives would find it their interest to present their notes where there was a reserve, rather than where there happened to be note, and if they persisted in making Government bring them silver, the practice might be discouraged by placing some restrictions on the cashing department.

No. 8.—There appears to be no advantage in having a 5-rupee note.

No. 9.—No.

No. 10.—Notes are seldom used for remittance purposes by shroffs and Native banker for very large sums. They are used for such purposes by shop-keepers and traders in places where facilities of getting bills of exchange do not exist. I believe their use is gradually increasing.

No. 11.—Notes are cashed with much difficulty, and are usually charged discount by the bankers, which varies from 1 to 2½ per cent.

No. 12.—No.

No. 13.—No, hoondees are preferred to notes.

No. 14.—Funds would be obtained from talook treasuries, and failing that, it would be necessary to get them by steamer from Bombay. There is weekly steam communication between Karwar and Bombay during the fair season, and fortnightly during the monsoon.

No. 15.—No, so far as the orders of the Government of India permitted the issue, demands for notes were promptly complied with, but their issue is restricted under the notification referred to in answer 8.

No. 16.—Our indents for currency notes have been modified by the Accountant General, Bombay, with reference to the above orders.

No. 17.—The Government gold mohur is not often met with in monetary transactions in the Canara markets. Its value varies from Rs. 15-4 to Rs. 15-8.

No. 18.—The English sovereign is well known among the traders and shop-keepers, with whom it passes current at the rate of Rs. 10-2 or Rs. 10-3. In the monsoon, when the steamers do not call on the Coast, it acquires a rather higher value, but it seldom reaches Rs. 10-8. It is called the English pound. The sovereign of George IV is known as the "kudre" or horse pound, on account of the effigy of St. George and the Dragon. It is said to be better gold, and is valued at Rs. 10-4.

No. 19.—The Australian sovereign is not known here.

No. 20.—English sovereigns bear a higher value here than in Bombay, but the difference is not very great.

No. 21.—Because they are imported from Bombay.

No. 22.—Some gold and a good deal of silver is put by without being employed as capital; but the greater part of the gold withdrawn from circulation is employed for ornaments. I say withdrawn from circulation, because most of the gold that comes here of whatever description comes as payment for goods, generally for cotton, and is often sent on to other places. A vast amount of gold is thus expended. English sovereigns disappear in this way. The Native mohurs and most of the verahas and pagodas have acquired a higher value as ornaments than as any thing else. Natives are fond of gold for circulation but chiefly with a view to its use as ornament. The China gold leaf circulates very much, and has the further advantage of being easily transmitted, since it can be folded in a letter, which may be registered, or not, as the sender's caution or carelessness dictates. The English sovereign also circulates freely in the bazar, but not among the poorer classes. They know its value as an ornament, but decline to take it as coin instead of rupees. Three kinds of Mysore pagodas are in circulation, and the Portuguese gold coins are common and well known both as currency and ornament.

No. 23.—As the traders do use sovereigns as currency to a great extent, I should think they would like a Gold Currency. They say so themselves, and it is plain that in many cases it is more convenient to carry a sovereign than 10 rupees. Its value as an ornament also recommends it, and the rural classes would like it if it could be paid away in the assessment on Government land.

No. 24.—Gold coins would find more favor, as they have hitherto, as compared with notes. The traders, however, would approve of both currencies; but gold coins are most liked, as their value is known, and they are useful for ornament.

No. 25.—For similar reasons, I am disposed to think that gold would assist the establishment of a Paper Currency in the manner referred to, yet not to a much greater extent than the reserves of different kinds of gold do at present.

No. 26.—Eliminating the question of the standard value of the gold and silver coin, I have little doubt that a Gold Currency would assist the outlying treasuries in securing the convertibility of the note. It could be sent from one treasury to another at much less expense, and in quicker time than the same amount in rupees.

No. 27.—From what can be learned from the enquiries made, it appears that large shroffs and dealers think, that for purposes of trade, &c., three kinds of currency—gold, silver, and papers would be preferable to any two kinds.

No. 28.—Bar gold circulates here, and between Bombay, Coompta, and Dharwar. Its purity is estimated by well known marks, and it is of four qualities by the numbers 100, 99, 98, and 97, of which the first is the best. China gold leaf is appraised in the same way, but there is only one quality, *viz.*, 100, in common use. These securities, however, would not be sufficient without the confidence that one trader places in another, and which is seldom abused, as, if it were known that a man had tried to cheat in this matter, his commercial reputation would sink. On examination by a goldsmith, the fineness of the gold can readily be detected. Two kinds of gold mohurs rubbed on a touch-stone give quite different shades of yellow scratches.

No. 29.—No.

No. 30.—There are three kinds of mohurs, all called "Akbaree."

No. 31.—They pass for more than their intrinsic value when old. Old mohurs are much sought for ornament, and are reported to sell at Rs. 20 to 24.

No. 32.—They bear artificial value on account of their rarity.

NOTE.—This report has been prepared under the directions of Mr. Stewart, the Collector. I am not aware, however, that he has seen it, so as to have an opportunity of expressing his concurrence or otherwise with all the statements contained in it. As the matter is emergent, I send it on, merely stating that my own answer to questions 5, 6, and 7 would be as follows:—

The great object being to get Natives to use notes, it seems to me that facilities should be given consistent with the Government interests (1), for the convertibility of notes; (2), for their use as media of exchange. To make, notes convertible at every subordinate treasury, would render it necessary for Government to keep a large reserve of cash and so be to its detriment; and to have one note for this place, Karwar, and another for the Madras Presidency, whence much of the anticipated trade is to come, would certainly not conduce to its being used as a medium of exchange. I would, therefore, have one note and one circle for all India, making all collectors' treasuries offices of sub-issue, where the notes should be convertible on demand. In the improbable case of a run for coin in a treasury made for purpose of gain, and not for *bonâ fide* trading operations, an office of sub-issue might be empowered to refuse payment.

From the Officer in charge of the Treasury in South Canara,—dated Mangalore, the 25th July 1866.

I have the honor to forward my replies to the several queries contained in your Circular of the 16th February last.

Replies of the Treasury Officer in South Canara to the queries on Paper Currency contained in the Circular of the Secretary to the Commission for enquiry and report on the working of Act XIX of 1861.

No. 1.—In private ordinary transactions they are not much made use of (if at all) in this district, and they are only received and paid for at their full value when required for remittance purposes.

No. 2.—A Paper Currency does not seem in favor with the people of this district and notes are considered more perishable and liable to be lost than cash. Currency notes are, therefore, not made use of, except, as before stated, when they are wanted for remittance, purposes. There is no reason to believe that they are received or paid for at a discount.

No. 3.—A stock of notes is kept up in the collector's treasury, and in those of the division treasuries, and in both they are issued and received in exchange for silver. In the issue of notes for silver, and under instructions from the Accountant General, they are not given to persons who are known to require them for purposes of remittance, but practically few notes are taken, except for this purpose.

No. 4.—The present facilities ought to be sufficient; but still the existing restriction in the free receipt and issues of notes is doubtless a bar to their becoming more popular.

No. 5.—The establishment of circles seems to me a great hindrance to the reception of a Paper Currency. If it is desired to bring them generally into use and make them popular, they should be freely curren and convertible everywhere in the same manner as rupees are, and without restriction of any kind.

No. 6.—This is a question on which I do not feel myself competent to form an opinion; my views will be understood from my answer to the preceding question.

No. 7.—I would assuredly prefer one universal note for all India, convertible at any Government treasuries where it may be offered for exchange. This seems to me the only way in which a Paper Currency can really become acceptable and popular.

No. 8.—A note of 5 rupees would, I conceive, be of great use, and would be acceptable to the Natives. Such small notes would be extensively in demand for local circulation and use.

No. 9.—They will, as stated in the preceding reply.

No. 10.—They are doubtless made use of, and to a very large extent, for remittance purposes.

No. 11.—This is not known to be the case in this district.

No. 12.—I do not think they can carry out such trade, as the owners of notes readily find them convertible into cash at all Government treasuries, and would not therefore put themselves to loss by selling them at a discount to shroffs or bankers.

No. 13.—Certainly, in this district, hoondees are not obtainable unless payable at long sight, and the Native houses of agencies are generally looked on with distrust and suspicion.

No. 14.—During almost eight months of the year, or between September and April, we have steamers plying constantly between this coast and Bombay, and also between Bombay and Madras. In case of need, money may be readily had from Madras or Calicut Treasury without any difficulty. The rail also runs all the way from Madras to Beypore, by which remittances from the Presidency can easily be sent and forwarded on steamers to this place during the above-named period; and during the wet season, or the remaining four months, cash may be brought down by carts and partly by river to a place, Hosdroog, in this district, and thence conveyed by coolies to Mangalore, a distance of 60 miles. The cost of conveyance would, however, be large, but in the monsoon commercial transactions are almost at a standstill.

No. 15.—Never; but notes have not always been given when known to be required by persons only for remittance purposes.

No. 16.—Indents for notes have been always readily met, except for those of the value of above 100 rupees, and which have been refused simply because it was well known that they were not required for local circulation, and this is the fact.

No. 17.—Government gold mohurs are but seldom met with, and they are generally worth Rs. 15-8, or Rs. 15-10 here.

No. 18.—The ordinary English sovereigns are generally worth from Rs. 10-2 to Rs. 10-6, the old English, St. George and Dragon; sovereigns are generally valued for superiority of metal, and fetch a higher premium than others, not, however, exceeding 8 annas a piece.

No. 19.—Australian sovereigns are generally at par, or an anna or 2 premium, as they are not considered to be so valuable intrinsically as English coins.

No. 20.—I presume so, their importation into Mofussil bazars being, of course, limited. At Mangalore these coins are received from Bombay, and whence they are sent, because they fetch higher value here than at Bombay.

Nos. 21 and 22.—Gold is not so much valued for the purpose of hoarding and circulation as for conversion into jewels. The St. George and Dragon sovereign is much preferred for the purpose.

No. 23.—Certainly, it would be a great public convenience.

No. 24.—Gold coins of the value stated would assuredly always be preferred to paper money of any kind.

No. 25.—I do not feel competent to offer an opinion on a subject of this nature, but it will be long before the Native community in this district take to a Paper Currency.

No. 26.—I cannot offer an opinion on this matter.

No. 27.—Large shroffs and dealers have already suffered much by the introduction of the Paper Currency, which is now generally the means of remittance of money from place to place. Before such petty or large remittances could not be effected, except through the intervention of those shroffs, and who, I conceive, would prefer a mettalic currency only.

No. 28.—Bar gold is imported in tolerable quantity from Bombay. Its purity or quality is ascertained by a touch-stone—the course generally followed by Natives in testing the quality of metal.

No. 29.—They are very scarce, and are never in circulation in this district.

Nos. 30, 31, and 32.—No Native mohurs are to be found in the bazars here. Arabian coins, of the description shown in the margin, are imported by the traders from that coast. They are sold for their intrinsic value with a nominal premium of 1 or 2 annas a piece, or at par according to the state of the market. These are also mostly used in melting for making ornaments.

	General market value. Rs.	A.
Stamboul	2	0
Bhavakani	4	12
Jaiu Puth	1	14
Koorjaths, Portuguese coins	20	0

From the Collector of Candeish,—dated Camp Suptshring, the 7th June 1866.

Dated 16th February 1866
Working of the Act XIX of 1861.

I have the honor to forward the following replies to the queries contained in your Circular as per margin —

No 1.—Government currency notes are practically unknown in trading transactions in Candeish.

No. 2.—It is doubtful if notes to any large amount could be cashed on any terms in the bazar. When notes are cashed for Europeans, it is only as a favor by the local shop-keepers, and they charge from 3 to 5 per cent. discount. The reason for this depreciation is, that the notes are not a legal tender, except to Government; they are looked upon, in fact, as mere hoondees, and the discount is regulated by the rate of exchange on Bombay. As the cashing of such notes is practically a monopoly in the hands of a few soukars, they keep up the rate of discount, and hence the consequent depreciation and discredit of the notes. If the notes become generally current, they would entirely supersede hoondees and ruin the exchange trade of the soukars.

No. 3.—The Government treasuries afford no facilities for the change of notes. When I first came to Candeish, I tried the experiment of cashing notes from the treasury; they were immediately made use of by the Bombay soukars as a means of remittance to their agents in Candeish, and very large sums were paid from the treasury in exchange for notes, but no one would receive them in return. I, therefore, declined to cash any more notes.

No. 4.—Answered above. Till notes are declared a legal tender, I can suggest no further change.

No. 5.—I consider the present arrangement of circles very ill calculated to promote the reception of a Paper Currency, and I would, therefore, abandon it.

Nos. 6 and 7.—The real objection of the Natives to the notes is, that they are not a legal tender; they do not, in fact, on the spot, represent what they pretend to represent, *viz.*, so much silver, but so much silver 300 miles distant. If they could be cashed readily in *every* treasury, and were also declared a legal tender, they would soon become current in all large trading transactions. The public would always be compelled to pay a certain discount, as they have at present to pay for copper change, not because there is any real scarcity of copper change, but because the local money-changers choose to declare that copper change can only be granted at a discount. I do not think that increasing the number of circles or offices of sub-issue would entirely meet the difficulty, though it would relieve it to a certain extent. The only note that will ever become perfectly freely current among Natives will be one that can be cashed in *every* treasury of Government; for that reason I would have one note for all India; but whether this is a practical suggestion or not, will depend on the cash balances of Government available to meet any local run upon the treasuries. It would be necessary to provide against the panics and distrust of Government to which Natives are particularly liable, and I have not sufficient information as to the means of Government on this subject to be able to give an opinion; but I feel sure that, till this is effected, a successful Paper Currency will be impracticable.

Nos. 8 and 9.—I would propose a note of 5 rupees to meet the numerous small bazar transactions, as the majority of retail transactions are under 5 rupees. I think a 5-rupee note would have a larger currency than those of a higher value. I am supposing a Paper Currency to have become generally accepted.

No. 10.—Notes are not much used by soukars as a means of remittance; as I have stated in answer to question No. 1, Government notes are unknown in Candeish.

Nos. 11, 12, and 13.—Answered in question No. 2.

No. 14.—There is a railway running through Candeish, but it is 35 miles from the sudder treasury at Dhoolia. Bombay is the nearest treasury from which a supply of silver could be procured, in the event of a run upon the treasury. It could not be procured under three days. There are seven talooka treasuries on the line of rail in Candeish. The revenue which annually passes through these treasuries is about 12 lakhs of rupees.

Nos. 15 and 16.—There has never been any run upon the Candeish treasuries for the reasons stated in answer to question No. 3.

Nos. 17, 18, 19, 20, and 21.—The Government gold mohur, the English sovereign, and the Australian sovereign are unknown in Candeish; when they are tendered to the goldsmiths to make up ornaments, they are sold as gold according to touch and weight.

No. 22.—A very large amount of gold is hoarded by Natives in the shape of ornaments, but it is not in circulation as current coin.

No. 23.—The Natives would like a Gold Currency.

No. 24.—Gold coins of 15, 10, and 5 rupees would be more likely to become current than notes of same value, under the present system of circles, but not more so if the Government notes were convertible at every treasury.

Nos. 25 and 26.—I cannot see how a Gold Currency would assist the establishment of a Paper Currency by being held as a *reserve by traders*; but it would no doubt assist Government in meeting runs on outlying treasuries—being less bulky, and, therefore, more easily transported.

No. 27.—The large soukars of Candeish would prefer Gold, Silver, and Paper Currency combined, for each would become the medium of exchange operations in which they would extract a profit.

No. 28.—Bar gold does not circulate in Candeish, but it is, of course, sold in the bazar like any other commodity.

Nos. 29, 30, 31, and 32.—Native gold mohurs are not used as a currency in Candeish they are sold by weight and touch as gold.

From the Deputy Collector in charge of the Treasury, Cawnpore,—dated the 8th May 1866.

As desired in your Circular dated 16th February 1866, I have the honor to submit my replies to the queries therein contained regarding the working of the Act No. XIX of 1861 "to provide for a Government Paper Currency".—

No. 1.—No.

No. 2.—Because they are not cashed at the Government treasuries. Notes of the Allahabad circle are discounted in the market at the average rate of 8 annas per cent., those of Calcutta at Re. 1-8 to Rs. 2 per cent.

No. 3.—Notes are given to the public in exchange for silver on condition they are not availed of for remittances to Calcutta, and they are exchanged for travellers to a small extent. They are received in payment of land revenue and all other Government demand.

No. 4.—They are not sufficient. In large treasury districts, where there is kept a large coin reserve, notes might be cashed for all parties to any extent; but in smaller districts there should be some restriction observed in cashing notes.

No. 5.—No. If made a legal tender everywhere, and readily convertible, it would be better calculated to promote the reception of a Paper Currency by the Native population.

No. 6.—No. The plan of having notes for separate circles and convertible only at the main office is inconvenient, and they will never be popular while the present arrangement continues.

No. 7.—Yes. The plan of having one universal note for all India would be far more preferable and popular, provided it is readily convertible at certain specified treasuries. I would suggest that the head quarter station of every division be fixed for their conversion on demand, when it is known that cash can readily be obtained, the notes will acquire speedy and extensive popularity, and I do not apprehend any very great drain on the central treasuries.

No. 8.—No.

No. 9.—I do not think that 5-rupee notes would be of any advantage, as the classes whose money dealings would be so limited are mostly illiterate, and would be easily imposed upon with forgeries. Notes of higher value would be more readily used for purposes of remittances in the Mofussil.

No. 10.—They are used for remittances to Allahabad and Calcutta when the exchange is favorable. They would prefer a good banker's bill, as in the event of their being lost, a duplicate could easily be obtained.

No. 11.—Yes.

No. 12.—It is occasionally done, but it is not a general practice.

No. 13.—They would prefer a hoondee.

No. 14.—Such a contingency has never occurred in this district. When in want of funds, this treasury has to apply to the Accountant General, North-Western Provinces. It is generally replenished from Humeerpore, Furruckabad, Agra, and Allahabad.

No. 15 —No.

No. 16.—Indents have always been complied with by the Accountant General, North-Western Provinces.

No. 17 —Rs. 15.

No. 18.—Rs 10-2.

No. 19.—Rs. 10-1.

No. 20.—Yes, the further gold is sold from the Presidency towns, the higher is its price.

No. 21.—They are mostly procured from Calcutta, and the cost of remittance and insurance increases their value.

No. 22.—No, they prefer silver.

No. 23.—No.

No. 24.—Yes.

No. 25.—No, neither a Paper nor Gold Currency would find favor in the eyes of the Natives, so long as there is any restriction put on their conversion at the Government treasuries.

No. 26.—It might, if no restriction is put on its conversion at the Government treasuries.

No. 27.—They would prefer a Silver Currency only.

No. 28.—It is not much used. I tspurity is tested by means of a stone called "kussowtee," which is rubbed against the bar, causing it to display its real color, and also by cutting it into pieces to see if the quality runs even.

No. 29.—No. They are much used for personal ornaments.

				Rs.	A.
No. 30.—Moorshedabad,	old, of 19	...	...	19	2
Ditto,	new	...	...	18	8
Jeyporee,	old	...	...	16	4
Ditto,	new	...	...	15	11

No. 31.—Yes; but they fluctuate according to the market value of gold, varying from 4 to 8 annas.

No. 32.—No.

From the Collector of Chittagong,—dated the 28th March 1866.

With reference to your Circular of the 16th February last, I beg to submit the replies to your questions *seriatim* :—

No. 1.—Notes are not here ordinarily received or paid readily in private monetary transactions.

No. 2.—The discount varies from 1 to 2 per cent. according to circumstances. Notes, particularly of larger value, are brought here largely by dealers in exports to Galle, the Mauritius, and other places. Notes come from the Calcutta agencies for the firms in the places in question that receive the exports. On arrival here, the notes have to be converted into silver to pay the local producers and make purchases. This is effected at the Government treasury.

No. 3.—Notes are received at the treasury freely in payment of Government dues, and also in exchange for silver whenever the state of the supply of silver in the treasury permits it. When available, the surplus of the neighbouring treasury of Bhullooah is also called nto aid in meeting the demand. Notes are also issued to any one willing to receive them in payment of Government dues, or in exchange for silver. A Statement is appended showing the receipt and issue from 1st April 1865 to the 28th February 1866.

No. 4.—I consider these facilities to be all that Government can be fairly expected to supply. I do not think that Government can be expected to make notes convertible at every treasury, inasmuch as this would probably impose upon the State a large cost for the transport of silver; but every treasury officer should be authorized to convert them at his

discretion with regard to the state of the cash balance. At surplus treasuries it would be for the advantage of the State to cash, as far as practicable, all notes, and where the revenue of a district is not equal to its demand, the silver would not be forthcoming unless received after issue of notes. I think every treasury should issue on demand all notes paid into it, and issue silver in lieu of notes, as far as practicable, at the discretion of the treasury officer.

Nos. 5, 6, and 7.—I think the circle system impedes the circulation, and I would abolish it, making all India one circle, and keeping only one universal note. Merchants of the towns on the Malabar and Coromandel Coasts who deal in exports from Chittagong would be able to send their remittances direct instead of through Calcutta agents. I use this as a local argument, but it may be extended *ad libitum*. I would make all notes convertible at the Presidency towns, and at such other large surplus treasuries as the Government may determine, as of right. I would also make them convertible at the discretion of the treasury officer at all treasuries.

Nos. 8 and 9.—A small note of the value of Rs. 5 would, in my opinion, circulaty freely, and be more useful to the Native community generally than notes of the larger dimensions. It would be more consistent with the means of the poorer part of the population, be whom it would, I believe, be largely used for the purpose of family remittance by the absentee members of families, and would also gradually find its way into the common concerns of life, in which the larger values are above the means of the people. The progress in this respect would not be *per saltum*, but would be very gradual.

No. 10.—Yes, I have said above that they are remitted in large quantities to Chittagong, but they are also remitted in the same way, though to a much less extent, from Chittagong to Naraingunge and other places.

No. 11.—Almost in all cases.

No. 12.—No.

No. 13.—They prefer hoondees, but take notes when hoondees get expensive.

No. 14.—I would apply by telegraph to the Accountant General, Bengal, to direct aid to be sent me from Bhullooah or Tipperah. There is a good road to both places. Most likely, the Collector of Bhullooah would be instructed to send me his surplus, as Tipperah is easy of access from Dacca, and, moreover, its surplus is generally, I believe, required for Assam or Cachar. There is a bi-monthly steamer to Canning Town, but I should not expect, unless I could show stronger cause than I am likely ever to be able to show, to receive aid from the Presidency.

Nos. 15 and 16.—I have generally a surplus of large notes. Once I asked for small notes, and was told to refer applicants to the money order system. These notes would have been used mostly as family remittances by the ministerial servants of the Government offices here to their houses, which are mostly about Dacca and Burrisal. Generally, I have quite as many small notes as are required.

No. 17.—Rs. 15 to Rs. 15-8.

Nos. 18 and 19.—Neither are current.

Nos. 20 and 21.—Not being current here, I cannot say.

No. 22.—It is used for the purpose of hoarding, and to this end, largely used in the shape of jewellery.

No. 23.—Yes, but I am afraid it would be largely melted. However, with a fair charge for seignorage that would not matter, and with the charge moderately high, the melting would be discouraged, but it would require to be fixed with care, so as to secure this end without deterring its use as an instrument of exchange at its fixed value.

No. 24.—For circulation, I think, they would, but not for remittance. At the same time, considering the smallness of the ordinary dealings of Natives, coins above Rs. 5 would not circulate much except among the wealthier traders.

No. 25.—Yes, to some extent, but not largely.

No. 26.—Yes, inasmuch as gold could always be conveyed at a much smaller cost than silver.

No. 27.—I do not know any of them that think much on the subject. Apparently, they are all guided by profit and expediency in the matter; silver is their great medium, but gold and paper are turned to use as occasion suggests.

No. 28.—No.

No. 29.—They are more used for hoarding and for ornaments than for circulation. The want of a fixed value is a bar to their extensive use as a circulating medium, and the number, too, in existence is not adequate to the requirements of a currency. If any gold coin is introduced, it should be made a legal tender, the coins being fixed values, and made changeable with a certain allowance for attrition at the Government treasuries at those values.

No. 30.—The old gold mohurs of the Mahomedan Kings, but I cannot specifically describe them all. There are the Charyaree, Arcot, Goruckpore, Akbar Shahee, Moorshedabadee, &c.

No. 31.—Mostly so.

No. 32.—The Charyaree bears an artificial value, being looked upon as a sort of charm for securing wealth. It sells at about Rs. 25, while its intrinsic value would be about Rs. 20.

STATEMENT showing the Receipts and Issues of Government Currency Notes from 1st April 1865 to 28th February 1866.

RECEIPTS.

Whence.	Number of Notes of each Value.						Total.	
	1,000 Rs.	500 Rs.	100 Rs.	50 Rs.	20 Rs.	10 Rs.	Number.	Value.
								Rs.
From the Public in payment of Government dues	31	10	56	15	8	5	125	42,560
From the Public in exchange for silver	762	152	873	405	251	205	2648	9,52,620
Total Receipts ..	793	162	929	420	259	210	2773	9,95,180

ISSUES.

Whither.	Number of Notes of each Value.						Total.	
	1,000 Rs.	500 Rs.	100 Rs.	50 Rs.	20 Rs.	10 Rs.	Number.	Value.
								Rs.
To the Bank of Bengal, Calcutta ..	738	120	520	170	25	....	1573	8,59,000
To other Treasuries	....	....	25	7	....	....	32	2,850
To the Public in payment of Government dues	15	1	7	9	12	17	61	17,060
To the Public in exchange for silver ..	99	58	373	234	205	201	1170	1,83,110
Total Issues ..	852	179	925	420	242	218	2836	10,62,020

From the Assistant Collector in charge of the Treasury, Chumparun,—dated the 13th March 1866

With reference to your Circular dated 16th February 1866, I have the honor to forward the following replies as requested :—

Nos. 1 and 2.—In this district, currency notes are by no means in general use among the Natives. In the first place, there are very few who have dealings amongst themselves sufficiently large to admit of the use of notes; again, there is not much confidence in notes,—there being a difficulty in obtaining them, and it being forbidden to cash them as a regular thing at the treasury. There is also a feeling, whether well grounded or not I am unable to say, that notes will not be received freely at local treasuries in payment of Government dues. I have heard it gravely asserted that no more than one-third of land revenue will be received in notes.

Nos. 3 and 4.—Notes are given in exchange for silver, as freely as it is possible to do so with the limited supply received, care being taken to reserve a portion for those who require them in payment of Government dues. Treasury officers are told not to give silver for notes except for small amounts for the convenience of private parties; consequently, the treasurer has orders not to cash notes, except on my order, which causes the cashing of notes to be looked on in the light of a favor, and, therefore, diminishes confidence in them. The course I would recommend is embodied in my next answer.

Nos. 5 to 8.—In my opinion, the system of circles is objectionable. The faith of a Native in Government currency notes is not likely to be increased when he finds that a note which he has received in one place is not current in another, and that if he wishes to change it, he has to pay a large discount. An inhabitant of Chumparun, for instance, may wish to send 20 rupees to a relation in the Punjab, and for this purpose obtains a note; but when this comes to be changed, besides the ordinary discount for cashing a note, extra discount will have to be paid, because it is a note of a different circle. It seems to me that the best way of recommending notes to the Natives is to have one universal note for all India, convertible on demand at the Presidency towns and at all district treasuries, at the same time keeping these treasuries well supplied with notes of all values, and removing all restrictions there may be as to their issue or receipt. To this also would have to be added some means for insuring greater safety in the post office, combined with some easier remedy in the case of lost notes than at present exists.

Nos. 8 and 9.—There are so few note transactions here that it is hard to judge on this point; but I should imagine that, if notes are used at all, a note of 5 rupees would naturally have a larger circulation, as being within the reach of so much larger a number of the inhabitants.

No. 10.—I believe not.

No. 11.—Yes.

No. 12.—Not here.

No. 13.—No.

No. 14.—I should, in such a case, apply to the Accountant General. The Tirhoot or Sarun treasuries are the nearest, and would, I suppose, have to send the silver; they are 50 or 60 miles distant by road.

No. 15.—Applications for notes in exchange for silver are almost more frequently refused than complied with, as I consider it right to give the preference to those who require notes in payment of Government dues, and the supply of notes being very limited, and indents being only sparingly complied with.

No. 16.—The reasons given for non-compliance with indents for notes are various—that it is inconvenient to send them, and that they are intended for circulation in the district, and not for remittance; that they cannot be supplied just for the convenience of the public, thus throwing the cost of transporting bullion on the Government; that Government never

intended to swell cash balances by the despatch of notes from head quarters; that there is no necessity for notes unless funds run short; that it is not expedient to swell cash balances by sending large notes which are only required for remittance.

No. 17.—The average value of the gold mohur is Rs. 15-8.

Nos. 18 and 19.—A sovereign is never found in the bazars here.

Nos. 20 and 21.—Such coins would bear, I should think, a less value in the Mofussil, on account of the greater difficulty of conversion.

No. 22.—People will hoard the old gold mohur, but circulation of gold is unknown.

Nos. 23 to 26.—It is impossible to say here.

No. 27.—Those of this district prefer silver, I believe.

No. 28.—Nothing of the sort known.

No. 29.—No.

No. 30.—The Dilnar Naga Sicca, Purana Sicca Jeypore.

No. 31.—Yes.

From the Collector of Coimbatore,—dated the 18th April 1866.

Adverting to your Circular dated 16th February 1866, I have the honor to forward copy of a letter addressed to the Chief Secretary to the Government of Fort St. George, containing my observations on the questions propounded by you.

No. 1.—I have received Proceedings of Government, dated 6th March 1866, No. 95.

No. 2.—As I believe the following observations embrace replies to the questions to which answers are requested by the Secretary to the Commission appointed by the Governor General to enquire into and report on the operation of Act XIX of 1861, I shall not attempt to submit separate replies.

No. 3.—In the *notâ bene* to questions 2 to 7, it is stated that one of the great ends in view "is the important object of establishing a Paper Currency in the confidence and liking of the Natives." To attain this "important object," the currency notes must be payable on demand at the nearest Government treasury. Without this essential element, "payable on demand," a currency in India will for years to come [and who can venture to guess how many years], as I consider has been the case with Act XIX of 1861, prove a failure. My remarks, which are based on my knowledge of the people, refer to Southern India only. Of the sister Presidencies, I do not venture to speak. In writing about the currency question, I beg to say that I do so from a Native point of view, my object being to show, to the best of my knowledge, the causes at work against the successful operation of Act XIX of 1861. The Native mind is, I believe, *burdened with a feeling of uncertainty* as regards Government. As to the justice or otherwise of the feeling, I say nothing. Some of the causes which have tended to excite this feeling are the following:—

First.—There came the mutiny with the result of, I believe, a certain amount of estrangement, which exists at the present time between the governed and the governing class. The mutiny was succeeded by the complete re-organization of the Native Army. Whilst this change was in contemplation, and up to the time when it was carried out, much hardship was endured by many of the sepoys; and as the Madras Army is intimately connected with the whole Native social fabric throughout the country, the grievances of the sepoys met with a sympathetic ear over the breadth of the country. Education also is doing

its work, ignorance in many quarters is being dispelled, and time-honored institutions are crumbling away The rail and the telegraph help on the changes In fact, turn which way he will, the Native of the present day sees nothing but changes So far as he himself is concerned, old things are vanishing away, whilst with regard to the Government, he stands in dread of a further demand on his purse, in the shape of additional taxes The income tax was the first instalment in fulfilment of his anticipations Then came the currency notes, which were viewed by many as an expedient to get hold of the money held by them By the intelligent body of the merchants, they were at first largely used as a means of remittance, but when it was declared by Government that "one of the chief objects of the 'Paper Currency is to promote a free circulation of notes in the circles to which they 'belong, and not to undertake the remittance of the country, which could only be carried out "to the great derangement of the Government funds, and with great loss to the merchants "and shroffs, who are in the habit of carrying on exchange operations as a regular business," the circulation of the notes fell at once to a low figure and has not since revived nor is it likely to do so for a very long time The fact is, I believe, that the Natives distrust our Government, and prefer to keep their money, rather than take currency notes, which, they believe, may be repudiated any day in exchange As long as this state of feeling in the Native mind exists, it is useless to expect that the people will receive currency notes Notes presented by *bonâ fide* travellers and residents are changed into silver, and *vice versâ* to a limited extent at the local treasuries But shop-keepers and others who receive them in payment of bills, &c, in such places as Ootacamund and Coimbatore, have to pay 1 or 2 per cent to get them exchanged, but, even at these rates, they can only get them changed at the principal stations where the shroffs and merchants have dealings with Madras or Calicut, the head quarters of the circles I really do not know what suggestions to offer in view to render the currency notes acceptable to the people In a financial point of view, I conclude that it is quite out of the question to expect that currency notes will be made payable on demand, and yet, unless this is done, I do not see how we can expect the Natives to take them I fear a Paper Currency is far ahead of the age in India. We have much to do yet to establish confidence in ourselves ere the people will take our notes, whether their value be 5 or 100 rupees Shroffs and Native bankers, I believe, demand a discount in all cases of cashing notes, but their limited circulation precludes the chance of their being bought up in any large quantities for transmission to the heads of circles for encashment As a means of remittance, notes, if available, are used by shroffs, &c, when the remittance is intended for the head quarter of the circle But, under these circumstances only, are notes preferred to hoondees by them Under existing orders from the Accountant General, there is no chance of the silver reserve running low In the event of its doing so, application would have to be made to the Accountant General who would most probably direct cash to be supplied from some one of the treasuries along the line of rail Previous to the issue of the restrictive orders by the Accountant General marginally given, some difficulty was anticipated in meeting the demand for notes But since their receipt all anxiety on that head has vanished

6th May 1865 No 128
Circular dated 26th August 1865, No 19 A
Dated 9th Sept 1865 No 1975

No 4—The average value of the following gold coins is as follows —

	Rs	A
Gold mohur	15	8
English sovereign	10	4
Australian ditto	10	2

The gold mohur seems to have disappeared In the whole course of my service which now extends to more than 23 years, I have not seen 23 gold mohurs Sovereigns I believe, bear a slightly higher value in the Mofussil than in the Presidency, simply becaus, they are more easily obtained in the latter place

No. 5.—A Gold Currency in any denomination of coin would be most acceptable to the people. It would not promote the success of the Paper Currency one iota; but it would release a vast amount of silver now held by Natives. A Gold Currency, if introduced, would, for a time, disappear at a wonderful rate. This district alone would require some 30 lakhs of rupees' worth of gold to make an impression on it. The large shroffs and dealers care but little about the Paper Currency as now existing, and they would prefer to see the introduction of a Gold Currency postponed, as they deal largely in gold bar and coins. They are most expert in testing the purity and value of gold, and when the ordinary modes of ascertaining these qualities fail, they commit the metal to the crucible. There are no native gold mohurs in currency in this part of the country.

From the Collector of Cuddapah,—dated the 28th March 1866.

With reference to your Circular of the 16th February 1866, regarding the working of Act No. XIX of 1861 in this district, I have the honor to enclose replies to the queries therein communicated :—

No. 1.—Government currency notes are not readily received by the Native community in private monetary transactions.

No. 2.—The depreciation arises from the Currency Notes not being received freely at the district and talook treasuries. The discount paid depends on the urgency of the parties receiving or giving the currency notes. A discount of 1 per cent. is at times allowed.

No. 3.—In this district, which is not included in any circle for the issue of notes, notes are to be received in payment of all demands of Government, and to be paid only when parties receiving payment do not object, and to be cashed to a limited extent for small sums, at an accommodation to private parties or travellers. The merchants are, as a body, excluded from exchanging currency notes for silver or silver for notes. The cultivators of the soil, who are the principal persons on whom Government have demands, as a rule, do not avail themselves of this indulgence, neither do parties to whom payment are to be made receive currency notes.

No. 4.—The cultivators, whose transactions are generally small, prefer silver to notes, as they cannot exchange notes for silver easily, and also they do not consider it safe to retain possession of notes, as they are liable to be destroyed by fire or other accidents. The only parties who would freely avail themselves of notes are the merchants, but these are precluded from exchanging notes for silver, or silver for notes. If this restriction against merchants were removed, it is anticipated that almost the whole of the surplus revenue of the district would be taken by the merchants in exchange for notes. I have reason to know that in this district parties would exchange more notes for silver than silver for notes. However, that the public may not be disappointed, the collector could notify in the District *Gazette* what amount of silver is available for notes and notes for silver. As this treasury is not included in any circle for the issue of notes, merchants and others could not complain if their wants are not fully complied with. In carrying out these suggestions, the collector will take care to see that silver is not allowed to accumulate to a large extent in the treasury so as to entail additional expenditure in remitting the specie to the Presidency.

No. 5.—The present arrangement of circles, with a separate note for each circle, is not considered convenient for transaction of business, as a person residing at a station distant from the circle in which he wants a certain amount of money cannot readily obtain the currency notes of that circle, and will consequently be put to much inconvenience and delay in procuring the currency notes.

No. 6.—For the reason stated in the preceding reply, I would not recommend to increase the number of circles, retaining the plan of a separate note for each circle.

No. 7.—This plan, I imagine, will be satisfactory to the public, and tend to establish a Paper Currency in the confidence of the Natives, especially if the indulgence specified in the reply to query 4 of permitting notes to be exchanged for silver and silver for notes in treasuries which are not set apart for cashing notes.

No. 8.—I would suggest that notes of the value of Rs. 5 be issued. I consider this necessary for the convenience of the public who have to make small remittances.

No. 9.—I do not consider that 5-rupee notes will have a larger currency than notes of a greater value.

No. 10.—Under existing rules, shroffs and Native merchants in districts which are not included in the circles for issue of currency notes have not the privilege of purchasing notes for purpose of remittances. But I have reason to know that if currency notes were issued from the treasuries freely to all applicants, the shroffs, Native bankers, and merchants would avail themselves of the indulgence extensively for purposes of remittances.

No. 11.—It is the practice of the shroffs and Native merchants to exact discount in all cases of cashing notes.

No. 12.—The shroffs and Native merchants buy up notes at a discount for the purpose of selling them at par or at a premium, and also of sending them to the Bank of Madras for encashment.

No. 13.—Judging from the great demand for currency notes by merchants who have to make remittances to other stations, my impression is that notes are preferred to hoondees.

No. 14.—This district not being included in any of the circles for the issue of the currency notes, and the issue of notes in this district being restricted only to a small amount to travellers and other private parties, the amount of silver has never fallen short. The district is, however, connected with Madras by rail-road, and any money required could be got up from the Bank of Madras.

No. 15.—The issue of currency notes being limited, no such inconvenience has been felt.

No. 16.—See the preceding answer.

No. 17.—The market value of the Government gold mohur is from 7 to 15 annas in excess of the nominal value of the coin.

No. 18.—The value of the English sovereign is from 5 to 10 annas in excess of the nominal value of the coin.

No. 19.—The Australian sovereign is not valued much; but if gold is scarce, it is sold from 2 to 5 annas in excess of the nominal value of the coin.

No. 20.—The above-mentioned coins generally bear a higher value in Mofussil bazars than in the Presidency town.

No. 21.—The reason for this is, that gold has to be brought to the Mofussil bazars from the Presidency town.

No. 22.—The people are fond of gold for the purpose of hoarding.

No. 23.—The transactions of the majority of the people in the district being comparatively trifling, they would find Gold Currency very inconvenient. Merchants, however, would like Gold Currency.

No. 24.—Gold coins of 15, 10, and 5 rupees value will be prized much by the Natives for the purpose of hoarding.

No. 25.—I do not see how Gold Currency would help to establish Paper Currency more than Silver Currency. The people, as far as I can judge, are sufficiently accustomed to the notes, and to ensure their free and extensive circulation, it is only necessary that all treasuries not included in any circle for the issue of notes should be authorized both to receive and issue notes as specified in answer No. 4.

BENGAL STATE LIBRARY

No 26—I do not see how Gold Currency could assist the outlying treasuries in ensuring the convertibility of the note more than the Silver Currency.

No 27—Silver Currency is preferred for all mercantile purposes, gold for hoarding, and paper for purpose of remittances. The Natives, at least in this district, do not consider it safe to retain possession of notes, as they are liable to be destroyed easily.

No 28—Bar gold is not circulated in the district.

No 29.—Native gold mohurs are not used as means of currency in this district.

Nos 30, 31 and 32—There are no Native gold mohurs in this district.

From the Officer in charge of the Cuttack Treasury,—dated the 28th February 1866.

Agreeably to the request conveyed in your Circular dated the 16th instant, I have the honor to forward answers to the questions propounded therein —

No 1—Neither generally used in private transactions, nor, when used, commonly taken at their full value

No 2—The Natives have not yet sufficient confidence in the Paper Currency. Notes are discounted at an average rate of 8 annas per cent

No 3—Notes for small amounts up to Rs 100 are cashed and issued when in store. Notes for large amounts are always issued on demand, and taken in payment of Government dues when offered Under the Treasury Rules notes of a large value are not ordinarily cashed, but exceptions are made whenever possible, as, for instance, latterly at this treasury in favor of the East India Irrigation Company, whose notes have been cashed on demand to the greatest possible extent.

No. 4—A quantity of small notes to be supplied to the district treasuries for issue in payment of sums due from Government (as frequently applied for), and also in exchange for cash.

No 5—I would not retain the present circle system. There is a very prevalent impression amongst the people that a note of one circle is valid for that circle only, and they consequently often hesitate to take notes when they would otherwise be inclined to do so.

No. 6—For the above reason (answer to question 5), I do not think it would be advisable to increase the number of circles The objection to offices of sub-issue, where notes should be invariably convertible on demand, is, that the treasury officer would always be in uncertainty as to the amount of demands to be made, and, therefore, as to the amount of cash which he could afford to remit from time to time.

No. 7.—One universal note would most probably have the confidence of the Natives, and as notes of high value cannot conveniently be cashed at all times at the smaller District treasuries (for the reason stated in answer No 6), it might, perhaps, be found practicable to make notes up to the value of Rs 100 convertible on demand at *all* treasuries, and notes of higher value at the Presidency towns and some specified large treasuries I think that with some such modification, this universal note arrangement would be the most practicable, for it would go as near perhaps as possible towards raising the confidence of the Natives.

No 8—Yes, it would probably circulate more than notes of higher value It would also be used for remittances. I have frequently been applied to for notes of 5 and 10 rupees by soldiers and others for remittance to places in the Madras and other Presidencies and provinces to which a money order could not be granted.

No 9—Probably, a larger circulation.

No 10—Yes, they are

No. 11.—Yes, generally. When very urgently required for remittance, they are occasionally cashed at par, but not often.

No. 12.—Not generally.

No. 13.—No, only when they cannot obtain hoondees at par.

No. 14.—Money can be sent in carts by road from Pooree or Balasore. Pooree is nearest, being about 50 miles distant; Balasore about double that distance from Cuttack.

No. 15.—Yes. Notes of value up to Rs. 100, occasionally to Rs. 500, have been frequently applied for at this treasury. Our last indent was not complied with.

No. 16.—That the notes would be chiefly used for remittance, and that it was, therefore, not desirable to increase the cash balance by a further supply.

No. 17.—Rs 15.

No. 18—Rs. 10-4.

No. 19.—Rs. 10.

No. 20.—Yes, probably a little higher.

No. 21.—Because the supply is not large in this district.

No. 22.—Not so much for hoarding as for circulation.

No. 23.—I believe they would.

No. 24.—I believe so decidedly. Gold coins of Rs. 20 instead of Rs. 15 would perhaps still more facilitate circulation and exchange.

No. 25.—Very probably; but it will perhaps be some time before notes pass freely from hand to hand. They will probably continue at a discount for some time, especially notes of larger value.

No. 26.—It probably would.

No. 27.—Of the three currencies mentioned, they would prefer silver, gold, and paper; but they do not like paper much in this district.

No. 28.—There is no bar gold circulated in this neighbourhood.

No. 29.—Very seldom.

No. 30.—Moorshedabad, Jeypore, Delhi, Lucknow.

No. 31.—Yes.

No. 32.—No.

From the Officiating Collector of Dacca,—dated the 2nd April 1866.

With reference to your Circular dated the 16th February, I have the honor to furnish below the answers to the several questions :—

No. 1.—No.

No. 2.—It is said that the Bank does not issue notes, and, taking advantage of the rate of exchange ruling between Dacca and Calcutta, issues notes only when they are at a discount in the market or at par; the average rate is about 4 annas.

No. 3.—The treasury receives notes freely in payment of all Government dues, and issues them in exchange for silver and in payment of sums due from Government.

No. 4.—With the exception of notes being received in lieu of cash on account of Government dues, the treasury of Dacca, it is said, affords no facilities for the exchange of notes for cash, and *vice versâ*. There might be an office in every treasury for that purpose.

No. 5.—It would do if it were carried out well. There might be offices of such issue from all local treasuries, and facilities ought to be given at them for the ready convertibility of notes of all circles, which does not exist at present.

No. 6.—No.

No. 7.—One universal note convertible in all treasuries is preferable.

N. B.—The Natives prefer to use notes when they are at a premium or at par if required for purposes of remittance; if measures are adopted for the encashment of notes readily, and with as little official circumlocution as possible, the Natives would prefer to keep notes in lieu of cash in store. There is loss of time and some trouble in carrying notes for conversion; hence Natives prefer to use cash in preference to notes. They do not like to lose extensively by using notes in preference to cash.

No. 8.—No.

No. 9.—I do not think that 5-rupee notes would have much circulation. Transactions in such small amounts, particularly with the lower orders, are more conveniently conducted in cash. No want for them has as yet been shown to exist, and there must be a *minimum* limit to Paper Currency. The lower orders, or the great mass of the population, would object to have notes thus forced upon them, and be obliged to receive them when tendered. Nor do I think that gold coins of so low a value as Rs. 5 are called for under existing circumstances.

No. 10.—Yes. It depends, however, upon the state of the exchange. At present there are difficulties for getting cash for notes in all market places. Facilities should be given at the local treasuries for receiving cash in exchange for notes from Presidency towns, and *vice versâ*.

No. 11.—No, they sometimes buy notes at a discount and sometimes at a premium, according to the state of the money market and the rate of exchange.

No. 12.—No.

No. 13.—No, they prefer hoondees on account of their greater security.

No. 14.—There is weekly communication between Dacca and Calcutta by railway and steamer. The agent would first apply to Calcutta; Tipperah and Furreedpore treasuries are within three and four days' journey respectively.

Nos. 15 and 16.—The agent here states that indents have always been complied with. I have, however, myself repeatedly noticed the absence of notes when required.

No. 17.—Rs. 15.

No. 18.—Rs. 10-3.

No. 19.—The branch Bank of Bengal at Dacca receives Australian sovereigns at Rs. 10 per piece, but in the market they vary from 2 to 3 annas, more or less, according to the demand of the market.

Nos. 20 and 21.—Yes, because they are scarce.

No. 22.—Yes. For hoarding chiefly and for circulation, if the value would not be changed much in the market.

Nos. 23, 24, and 25.—Yes.

No. 26.—It would.

No. 27.—The large shroffs and dealers would prefer a Gold, Silver, and Paper Currency. They cannot be said to have an opinion at all on the subject as yet.

No. 28.—No.

No. 29.—No. There are no standard gold coins for this purpose.

No. 30.—Sicca Rampore and Sicca Old, Sha Alum, Charyaree, Bulramoo, Ram Raja, Joynugurce, and Akburee.

No. 31.—They pass for more than their intrinsic value.

No. 32.—They bear artificial value according to their denominations.

From the Deputy Commissioner, Darjeeling,—dated the 27th February 1866.

I have the honor to forward my replies to the questions transmitted with your Circular of the 16th instant.

I regret the delay that has occurred in forwarding my answer; but your Circular being addressed to the officer in charge of the treasury, was not forwarded by him for my information, and it was not until my return to the sudder station from camp on the 26th instant that I became aware of the receipt of your Circular, and that it was still unanswered. The Assistant Commissioner having been relieved of the treasury on the same day that I returned, I have prepared the replies myself, as his successor being entirely new to the district has no local knowledge, such as would be necessary to enable him to undertake the preparation of the answers.

I beg to add that there being no shroffs or Native bankers in the district, I have been obliged to prepare my replies almost entirely from my own information.

No. 1.—Yes, they are generally received at full value in such transactions.

No. 2.—The circulation at Darjeeling is comparatively small, consequently, the market value of currency notes depends upon the demand and supply. They are generally cashed at par. It is not possible to state an average. Notes seldom rise or fall in value to any extent.

No. 3.—The treasury officer receives all payments of Government dues tendered in currency notes, and is allowed to give notes in exchange for silver; but is prohibited by the Accountant General from receiving notes in exchange for silver, excepting in the case of travellers, in whose favor a special exception is made in permitting them to obtain silver for notes of the smallest value only.

No. 4.—In my opinion, existing arrangements cannot be modified at Darjeeling, for the Government is put to considerable expense in remitting treasure to this station, and if the public generally were permitted, without limit, to exchange notes for silver, the numerous planters who now obtain their remittances at a cost of from 1 to 3 per cent. would, of course, receive the money for the working expense of their plantations by notes from their principal at Calcutta and elsewhere, and would throw the cost of supplying the money for cashing them on the Government treasury.

No. 5.—I consider the arrangement of circles eminently calculated to depreciate the value of an otherwise useful system of currency.

No. 6.—It is my opinion that a Paper Currency will never answer the purpose for which it is intended, unless every note be convertible at the head office of issue in each circle, if the arrangement of circles be maintained, or at certain head offices in each local Government.

No. 7.—No Paper Currency can be popular, nor can it answer the purpose for which the system has been adopted, unless it is calculated to suit the convenience and requirements of the mercantile community and of the public generally. These requirements, a restricted circulation, such as at present obtains, does not supply; and I am of opinion that the system will never answer, unless, as suggested, one universal note be adopted, this note being, as already proposed, convertible not only at the Presidency towns, but at the head quarter of each local Government, and, if possible, at certain chief treasuries in addition. The confidence of the Native community will never be secured unless such measures be adopted. Notes might be made convertible at the Presidency towns and at head quarters of local Government only at first, and the facilities for conversion subsequently extended; the greater the facilities offered for cashing these notes, the greater will be the confidence placed on the issue, and, in all probability, the demand for conversion of notes into cash will sensibly diminish as increased facilities are afforded for obtaining the accommodation.

No. 8.—No, I do not think that notes of smaller value than 10 rupees need be issued.

No. 9.—I do not think so.

No. 10.—They are very generally used by the community, but there are no shroffs or Native bankers in Darjeeling.

No. 11.—No, it depends altogether on the supply and demand; the supply of notes at Darjeeling is generally rather below than beyond the requirements. Owing to the fluctuating character of the European population, notes from 10 to Rs. 200 in value are generally in considerable demand for the convenience of travellers leaving the station; consequently, as a rule, notes usually command their full value, though they are rarely, if ever, at a premium. Notes for large sums are frequently received at the treasury in payment of Government demands for land, but have little or no local circulation.

No. 12.—No.

No. 13.—As far as I can learn, notes are not preferred to hoondees, the reason probably being that, for remittance beyond the circle of issue, they are practically useless. If the system advocated in paragraph 7 were adopted, it is probable that hoondees would be altogether displaced by notes.

No. 14.—In case of such contingency there are absolutely no facilities for reinforcing he reserve; the nearest treasuries from which remittances could be received being those of Purneah and Dinagepore, the former distant about 140 miles, and the latter still more distant: to these treasuries alone could application be made in such cases.

No. 15. There has at times been temporary inconvenience chiefly for want of notes below Rs. 500.

No. 16.—There has been no absolute refusal, but there has occasionally been some delay in receipt of notes indented for.

No. 17.—It is almost unknown in Darjeeling, and cannot be said to command any average in Darjeeling or Kurseong.

No. 18.—Unknown in Darjeeling bazar.

No. 19.—Unknown in Darjeeling bazar.

No. 20.—Having no acquaintance with any districts in Bengal, excepting Darjeeling, I am unable to form an opinion on this subject.

No. 22.—In this district, so far as I am enabled to form an opinion, it appears to me that money is not hoarded; both silver and gold are extensively used as ornaments, the former in the shape of jewels, both solid and gilt. Silver is more commonly used, however, amongst all classes, especially amongst the laborers; the women almost invariably wearing strings of rupees, or of smaller coin, round their necks in addition to massive silver ornaments.

No. 23.—I think they would, though they are, in my opinion, quite aware of the convenience that would result from a well devised system of Paper Currency in addition to gold.

No. 24.—I do not think that they are.

No. 25.—I cannot see that it would be any aid, nor, on the other hand, that it would be any disadvantage.

No. 26.—Where the cost of remitting treasure to outlying treasuries is considerable, a Gold Currency would materially lessen the cost to Government of remitting treasure, and would so far be of material assistance.

No. 27.—I am unable to obtain any opinion on this subject, there being no shroffs at Darjeeling. But from my previous experience in charge of treasuries for 16 years, and from discussion of the subject on previous occasions, I am disposed to think that the preference would be given to a Silver, Gold, and Paper Currency. I have never yet heard any reasonable ground assigned for excluding gold from circulation; that it is considered desirable

by the (Native) trading community, may be inferred from Native States invariably (I believe) adopting a Gold Currency, and from the circumstance that, in most Native States where there is no local mint, bar gold circulates at its intrinsic value, if not at a premium.

No. 28.—It does not circulate in this district, one reason for which may perhaps be because there are no shroffs, and but few persons who could be relied upon to test its value.

No. 29.—No, they are not used at all as means of currency.

Nos. 30, 31, and 32.—Gold mohurs not being used as current coin, the names of various coinages are not known, nor can their value be stated; but being used only for ornaments, it is believed that they sell somewhat beyond their intrinsic value.

From the Superintendent of Dehra Doon,—dated the 19th March 1866.

In reply to your Circular, enclosing a set of questions regarding currency, I have the honor to furnish the following replies after enquiry from Natives in this district, whose position enables them to form an opinion on the subject:—

No. 1.—Government currency notes are not readily received by the Native community. In commercial transactions among themselves their use is exceptional, and the discount charged on the notes depends on the circumstances under which they are received. Thus, if the receiver was desirous of remitting money to the station in which the chief office of the circle is situated, and where the notes can be readily cashed at the treasury, they would be taken at par, otherwise they are generally charged discount.

No. 2.—In consequence of the peculiar position of this district, containing, as it does, the large hill stations of Mussoorie and Landour, notes are in tolerable abundance here from the months of March to October. Officers on leave and others bring such notes with them, on account of their convenience in carrying them, and this probably is one cause why they are looked upon with disfavor by the Native merchants and others. If they were to cash them at par, probably they would never be paid, except in notes, as parties remitting money to their families would prefer sending notes which they can procure at par to purchasing hoondees at a premium. This course is, however, clearly dependent on the fact that notes cannot be cashed as a matter of right at every treasury at which they are presented, and therefore the radical reason which prevents their being cashed readily by Natives is this latter one. Could notes be cashed as a matter of right at this treasury, I believe that, in a short time, they would become generally used. There is no fixed rate of discount on notes as far as I can ascertain. One merchant has told me that he has known as much as 2 per cent. charged; but I believe that the rate is really the same as that which is charged at the time for hoondees on Allahabad, or if the note be of other circles, at the rate which is charged for hoondees on the station where the head office of the circle is situated.

No. 3.—At this treasury, notes are cashed when the amount of ready money in the treasury renders it prudent to do so, and in the case of *bonâ fide* travellers at all times to an extent sufficient to provide them with ready cash. Thus a *bonâ fide* traveller would always have notes cashed to the extent of Rs. 100. But I have found it necessary to refuse to cash notes for the local banks who at first sent them in such quantities that, had I cashed them, I should have been soon in straits for ready money—more especially since the time at which the demand was made was the height of the Mussoorie season, when the demand for cash for the payment of the many survey and other establishments whose head quarters are in the district is great.

No. 4.—I do not consider the facilities afforded for the cashing of notes are sufficient. I believe that until notes can of right be cashed at this treasury, that they will not come into general use.

No. 5.—In my opinion, the present arrangement of circles, with separate notes for each circle, is not well calculated to promote the reception of a Paper Currency by the Native population.

Nos. 6 and 7.—Believing, as I do, that the real obstacle to the general use of the note is that it cannot of right be cashed at all Government treasuries, any plan which would remove this obstacle is desirable. I think that increasing the number of circles would not have this effect, because, although the note of the particular circle, from the contracted area of that circle, might be only current within narrower bounds, and, therefore, generally presented nearer to the office of issue than is now the case, yet it would be useless for all large commercial transactions beyond the circle, and also for travellers of long distances by rail or otherwise, and it is for purposes of this sort that, perhaps, the note is most useful. The plan that seems to me most desirable is that there should be one universal note for the whole of India, or at least for the whole of each Presidency. The more treasuries at which such a note might be cashed, the better; but it might with advantage be cashed at least at the head station of each commissionership and at the hill stations. My grounds for preferring this last plan are that by it there would be to a great extent gained what is necessary to make the currency note generally acceptable to the Natives, namely, that it could be cashed without difficulty at the Government treasury. The most desirable plan is, I hold, that it might be cashed at every Treasury as a matter of right, and the nearer any plan approaches to this, the nearer, in my opinion, it approaches to perfection. The fact that one note would be current throughout the whole of each Presidency, or of India, would prevent the inconvenience of finding notes of any circle useless beyond certain local limits.

No. 8.—I believe a 5 rupee note would be very acceptable to the poorer class of Natives, to whom notes of a higher value are useless.

No. 9.—And I believe that such notes would have a larger currency than notes of a greater value, as they would be useful in small domestic transactions, such as remittances to absent relations, &c.

No. 10.—As far as I have been able to ascertain, except for remittances to stations where the head office of issue of the circle is situated, notes are not used to any extent by Native bankers for purposes of remittance.

No. 11.—I believe it to be a rare exception when Native bankers do not exact discount for cashing notes.

No. 12.—I have no reason to believe that Native bankers buy up the notes at a discount for the purpose of sending them to the head quarters of circles for encashment. I have particularly enquired, and have been unable to discover any such practice.

No. 13.—I believe that, for sending remittances to the station of the office of issue, bankers prefer notes to hoondees, because they can generally procure the former at a discount or certainly at par, whereas for hoondees they generally pay a premium.

No. 14.—When the silver reserve at this treasury runs low from any cause, it is customary to apply to the Accountant General of the North-Western Provinces, who generally directs the treasury at Mozuffernugger to send us cash. There is no railway. The road is partly metalled; but through the Mohun Pass it is difficult for hackeries, especially in the rain; and the road by Hurdwar is bad and unhealthy, besides being circuitous. But a good road is in course of construction through the Mohun Pass, and the railway is progressing toward Seharunpore, which is about 50 miles off, and connected by an indifferent but passable road.

No. 15.—Our indent for notes has been found more than sufficient to supply the demand.

No. 16.—Nil.

No. 17.—The Government gold mohur is valued at Rs. 15 in the Dehra bazar.

No. 18.—The English sovereign at Rs. 10.

No. 19.—The Australian sovereign at Rs. 10.

N. B.—These values have been ascertained rom a Native banker. None of these coins are current in the bazar, although by chance and in the course of exchange, they occasionally find their way into it.

No. 20.—I do not think that these coins bear a higher value here than at the Presidency.

No. 22.—For purposes of circulation gold is not valued here. For the manufacture of ornaments, it is of course valued by those who can afford to procure it. But the population of this district is chiefly agricultural, and gold ornaments are rare, except among the wealthier zemindars.

No. 23.—I think a Gold Currency would be of use, but it would hardly be popular in this district, as the mass of the population are not wealthy. But it would be of use to the European community, which is yearly increasing in size, supposing it to be readily cashed at the Government treasury; otherwise I do not think it would be of use at all.

No. 24.—No; supposing only the existence of one or the other, notes which could be cashed at every treasury would be preferred to gold coin, which could also be so cashed. The reason for this is, that notes can be kept in halves, and their numbers known, so that, if lost, recovery of their value is more probable, and the incentive to steal paper money is not so great as to steal gold or silver coin.

No. 25.—I am not prepared confidently to answer this question, but I should suppose that a Gold Currency would help to establish a Paper Currency. Gold coin is more easily remitted than silver coin, and small gold coins would be available to cash notes of larger value.

No. 26.—It would also in this way assist outlying treasuries to cash notes.

No. 27.—I believe that natives would prefer the currency of all three media. But, as above stated, they would prefer a Paper to a Gold Currency.

No. 28.—Bar gold does not circulate here.

No. 29.—Gold mohurs are not used by Natives as a means of currency here.

No. 30.—Although no gold mohurs can be said to be current here, there are several gold mohurs that occasionally find their way into the bazar. I desired a Native banker to bring as many as he could find for my inspection, and I quote the value he assigned to each:—

	Rs.
Company's gold mohur	15
Old Moorshedabad gold mohur	21
New Moorshedabad gold mohur	18
Jeypore mohur	16
Mahomedshahee	16-8
Bahawulpore	31-8
Putiala	15
Sovereign ... { English / Australian }	10
Bokhara mohur	6-8

There is also a Belgian coin which I hear frequently finds its way into the bazar. It is a thin gold coin, and is valued at Rs. 4-8. As I have before said, none of these coins can be called current. But those most commonly in circulation are the Jeypore and Mahomedshahee.

Nos. 31 and 32.—They all appear to bear an artificial value, subject to a slight discount or premium.

From the Officer in charge of the Treasury, Dehra Ghazee Khan,—dated the 19th March 1866.

I have the honor to reply to your Circular dated 16th ultimo.

No. 1.—Government currency notes are very little used by the Native community of this district.

No. 2.—The reasons are 1*st*, restricted convertibility of the notes; 2*nd*, risk of loss; 3*rd*, the native community being unaccustomed to paper medium; 4*th*, restricted circles of currency. They are not ordinarily discounted.

No. 3.—See Circulars on the subject by the Punjab Accountant General, which have, no doubt, been supplied to the Commission.

No. 4.—No, they are not. I would suggest that all treasury officers be allowed to cash notes up to an amount per mensem, equal to their issues, in exchange for *cash received* during the month preceding. The facilities for the convertibility of notes should be increased as much as can possibly be done without expense to Government.

Nos. 5, 6, and 7.—I am really unable to give a definite opinion on these points, but would remark as follows: The notes, under the existing system, are, to the immense majority of the people, practically inconvertible. Four-fifths of the population of the Punjab have never seen Lahore, therefore the Lahore currency note out of Lahore is a mere hoondee on Lahore and Calcutta. If the object of the present circles is to restrict the notes use as trade remittances, that object is certainly partially gained by it, and would be gained still more if the circles were increased, and their size diminished. I would suggest, however, that it is a most serious sacrifice to restrict, on any consideration whatever, the currency of an Empire's money medium, be it metal or paper, within the limits of the Empire. I would endeavour to find a remedy by altering the conditions of the currency notes, but allowing one note to circulate throughout the Empire. Why should not treasuries be allowed to cash currency notes within a fixed monthly limit? and the reserves at the centres of Government being maintained as now, why should not the commissioners in charge of the reserves be also required to refuse payment of notes, when a given monthly limit has been exceeded? Unless some such plan is resorted to, I do not see how it is possible to have the notes current throughout India with any safety to the credit of Government. It appears to me that Government, to maintain its credit, must chose between two evils,—restricted circulation and restricted convertibility,—and I think that, of the two, the latter is the lesser, as well as more capable of modification, as the people of India gradually learn the proper use of the notes.

No. 8.—The natives of this district would use 5-rupee notes little; but they would be used by Europeans, if no gold comage is introduced.

No. 9.—No.

No. 10.—No; the Native hoondee is so much safer.

No. 11.—No.

No. 12.—No.

No. 13.—No, they are not nearly so safe as hoondees. See Punjab Civil Code, part I, section 18, and especially paragraphs 6 and 8 of that section.

No. 14.—This treasury is not allowed to cash notes to any large extent, but it is 40 miles west of Mooltan, with two large rivers (Indus and Cherrah) between; Mooltan is 240 miles by rail from Lahore. Application would be made to the Accountant General, Punjab, Lahore.

No. 15.—No.

No. 17.—Generally at par; sometimes 4 annas premium.

Nos. 18 and 19.—Very few of them. They are at 4 annas premium.

No. 20.—They have in this district.

No. 21.—There is only a limited supply, and a Gold Currency is not supported by Government. They do not circulate as money, but are bought for hoarding and jewels.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes.

Nos. 25 and 26.—I cannot answer.

No. 27.—Shroffs prefer *silver, gold,* and *paper.*

No. 28.—No.

No. 30.—Furruckabadee or Kuldar, Rs. 21; sheet gold from Calcutta sells at Rs. 15 to Rs. 17 per tolah; Jeyporee, Rs. 16; Shahjehanee, Rs. 15-12; Tilla (Bokhara) Rs. 6-5-6; Balahanee, per tolah, Rs. 15-12.

No. 31.—They pass for intrinsic value.

From the Assistant Commissioner in charge of the Treasury, Dehra Ishmail Khan,—dated the 8th March 1866.

As requested by your Circular of the 16th February, I have framed replies to the different questions proposed in it, which I transmit direct to you.

No. 1.—Currency notes do not circulate for their full value amongst the Native community of this district.

No. 2.—The chief cause of this depreciation is the non-convertibility of the notes on the spot. For example, a person holding notes here and urgently needing cash in exchange cannot realize the full amount in rupees except by sending them to the nearest office of sub-issue to be cashed: in doing this, he most probably incurs the extra cost of postage and registration, and even after this, his agents must remit the amount to him by an order on some bank here. This, in most cases, would be such a tedious and expensive process that he would prefer to cash the notes at a local banker's, paying a discount for the convenience afforded him. The average discount here is 1 per cent.

No. 3.—Notes are given in exchange for cash to any one who requires them, but the demand is not great in this district. Notes are not cashed here except in special cases; but are taken in payment of Government demands, or of supply bills, and drafts granted.

No. 4.—These facilities are insufficient; but I can suggest no means of stimulating the demand short of a more perfect convertibility.

Nos. 5, 6, and 7.—I do not think the currency notes can ever find favor with *the bulk* of the Native community under the present system, especially in the outlying districts, where they are necessarily depreciated. Nor do they look with favor on the present system of dividing the country into currency circles; for, even supposing Punjab currency notes to be freely convertible at all Punjab treasuries, and, therefore, circulating at their full value within the province, they would not be available for purposes of remittance to any other circle. A holder of notes here, for instance, wishing to send money to Benares, would have to get an order on some bank there, for which convenience he would, in most cases, have to pay a discount. It is true he would have to do the same if he held cash instead of notes; but in order to recommend a system of paper money to the ignorant and suspicious population of the Mofussil, it would seem that something more is required than that they should be rarely equal in value to the amount of cash they assume to represent; the holders of notes should also have some special advantage over the holders of equivalent sums in cash. Such an advantage would be secured to them if the plan of one universal note for the whole of India, convertible at all Government treasuries, were adopted

A 100-rupee note would then always be worth 100 rupees to its owner, and would have the additional advantage of being freely available for purposes of remittance. Under these circumstances, if the general issue of currency notes was duly regulated, they would doubtless be willingly taken, and might even in many places command a premium; and, though the Banking community would probably lose by their issue, both the Government and the general public would gain by it. As, however, in many of the smaller outlying treasuries the cash balances are generally low, and the facilities for reinforcing the reserve in case of a sudden demand of cash for notes are very limited, such treasuries could not be safely called upon to cash notes to an unlimited extent. I think then that the plan best suited to the requirements of the country at present would be to have one universal note for the whole of India, freely convertible at the Presidency towns, and at all the first class treasuries, and centres of commerce; and to be issued in exchange for notes at the outlying treasuries to an extent regulated by their different capabilities. If, for instance, in any given month and given treasury, the amount of *cash given* in exchange for notes was not allowed to exceed the average monthly amount of *cash received* in exchange for notes during the previous quarter, there would be no fear of the cash balances suffering.

Nos. 8 and 9.—I do not believe that 5-rupee notes would find any special favor with the Native community here.

No. 10.—Not in this district.

No. 11.—Yes.

No. 12.—Yes, and thereby gain by the present system at the expense of the general community.

No. 13.—No.

No. 14.—This case has never occurred at this treasury. We can communicate with the head office at Lahore by telegraph, but our facilities for reinforcing in case of a sudden drain of cash in exchange for notes are very indifferent. There is no rail nearer than Mooltan. If such a contingency were to arise, we might be reinforced to some extent by the adjacent districts.

Nos. 15 and 16.—No.

No. 17.—The Government gold mohurs have no general circulation here.

No 18.—Few sovereigns are to be met with here; their average price is said to be Rs. 10-4.

No. 19.—There are no Australian sovereigns current here.

No. 20.—Yes.

No. 21.—Very few come up here, and so the comparative demand for them is greater than at the Presidencies.

No. 22.—Yes, for the purposes of hoarding at all events.

No. 23.—Yes; but in the Mofussil much of the gold issued would soon be withdrawn from the currency, being either hoarded, or concocted into bullion.

No. 24.—Yes.

No. 25.—In so far as gold is more conveniently kept in deposit than an equivalent value in silver, a Gold Currency might have this effect.

No. 26.—In the same way a Gold Currency might assist the outlying treasuries, as from its greater portability, they could be more easily reinforced in case of their reserve running low; and in all treasuries the reserve would be more conveniently stored. I apprehend that this question does not assume that, if a mixed Silver and Gold Currency were adopted, there would necessarily be a greater cash balance in the treasuries than would be the case under a Silver Currency alone.

No. 27.—The principal dealers in this district would probably like a gold coinage to be introduced subsidiary to the present Silver Currency. Their views on the subject of a Paper Currency seem uncertain: a liberal system would probably curtail the private operations of many of them, and would naturally be regarded with disfavor.

No. 28.—Bar gold is said to come occasionally from Delhi and Joypore, but it has no general circulation here.

Nos. 29, 30, 31, and 32.—There are no Native gold mohurs in general circulation here.

I would observe in conclusion that, though this city is the centre of a considerable international trade between the different provinces of Afghanistan on the one hand, and Hindoostan, the Punjab, and Scinde on the other, yet, as a considerable portion of the exchanges are made in the way of barter, there is not that amount of money transactions going on here which might be expected at first sight.

From the Extra Assistant Commissioner in charge of the Delhi Treasury,—dated the 28th February 1866.

1. With reference to your Circular of the 16th instant, I have the honor to reply as follows. I will answer your interrogatories generally in their order, without restricting myself to it exactly; but I will endeavour to comprehend every point mooted in my reply.

2. Upon the first establishment of the Lahore circle, we were supplied with a large quantity of notes from Lahore of all the denominations, though the actual value of the largest denominations preponderated. In a very few days all the notes had been sold, and more were wanted, but were refused, as it was discovered that the notes were entirely turned from their legitimate use for the convenience of money remitters to *Calcutta*. The measure in effect caused a large amount of loss at the time in the hoondee and bill business of private banks.

3. Government currency notes have never been practically recognized by the Native community as a medium of circulation I fear they never will, unless great changes are effected. In private transactions they are received with a discount varying, but usually, of ½ per cent.

4. The rules in force in the Punjab practically refuse all receptions of currency notes from Natives by treasury officers. At the head office at Lahore this, of course, is not the case; but Natives do not find it convenient to receive cash at Lahore in their transactions. Their main object is to send their funds to Calcutta. There are some subsidiary rules allowing of the receipt of Government currency notes in payment of Government demands and to European travellers. In this way, we are daily receiving such notes, and it is evident from the efforts made that the depositors are glad to get rid of them. Such notes are seldom given in payment of Government land revenue, and this to my mind is a conclusive proof that limited as the circulation is in the larger towns, notes are entirely unknown in the smalle, provincial towns and in all the villages. I am sure that zemindars would sweep their village for every stray note in it, before they would offer their much coveted silver at a Government treasury. Large numbers of notes are returned into the treasury in payment of customs revenue also. I am inclined to think that the salt merchants have thus secured a subordinate branch of profit to themselves. I am assured that, if the restrictions upon the receipt of notes at Government treasuries were removed, we would in a short time be in possession of every note in the place, or else be bankrupt.

5. The division made into circles of issue appears to me to have no bearing one way or the other on the difficulty. The numerous circles cause a good deal of perplexity in Government treasuries; but, as regards their effect upon the circulation, I think they neither

facilitate nor retard it. The great object is to assure the Natives of the convenience to themselves of using these notes; to assure them also of their perfect safety from all risk of loss upon them; to associate them in their minds with the value for which they stand. If this were only effected, no application to a treasury for coin would ever be made, except in the most extraordinary circumstances, such as a payment made upon the very premises of the treasury. In all other circumstances, exchange would be effected at the next shop. I would be inclined to think that, if this confidence were established, there would be no earthly use for more than one circle; otherwise the more offices of issue there are, the more likely they are to aid in establishing such a confidence.

6.—Currency notes come into demand only when the hoondee rate of exchange is unfavorable. They are then used for the only purpose they have ever yet been put to, as a medium of remittance. On this account, I am of opinion that a 5 rupee note would be of no more use than a 10-rupee note. Where currency notes are used in the common business of life, 5-rupee notes will be indispensably necessary, but not till then. If the 1-sovereign notes of Scotland are found convenient, I would even be inclined to issue single rupee notes then.

7.—I have already mentioned that we stopped issuing currency notes. The Lahore department of issue has not since supplied us with much more, and we have lately remitted all our balance to Simla, excepting notes of other circles. If we had the notes, they would not be taken just now, as the hoondee rate is a most favorable one; but if this changed, there would immediately be a rush to the treasury for notes, which would immediately be sent to Calcutta for encashment. There are some large treasuries in the neighbourhood which supply us with silver, but if a reserve were kept to meet probable demands in cashing notes at every treasury, it is likely that each treasury would have too much of a strain upon it to supply us. The demand in a case of a panic at the Delhi treasury would be overwhelming, and as this treasury is the chief remitting treasury between Lahore and Allahabad, we do not generally collect a very large cash balance before it is ordered up into the Punjab.

8.—Gold in bars, English and Australian sovereigns, and gold mohurs, form a very important article of trade in Delhi. The market value varies. The value of the Government gold mohur is never more than Rs. 15, and goes down some times to Rs. 14-10. The English and Australian sovereigns are of pretty nearly the same value,—the selling price of the Australian sovereign being about 1 pice more than the other. They average from Rs. 10 each to Rs. 10-6 each. A few days ago the value was Rs. 10-6. Gold in bars, tested by melting or by a touch-stone, is also sold. The value of gold increases as we advance up-country. Thus, in Delhi, large purchases are made to be manufactured into ornaments, but a larger portion still is sent up-country for the benefit of the exchange. It thus finds its way into the Hill States on the frontier, and into the protected Sikh States on the left banks of the Sutlej. The ultimate destination of all this gold is to be converted into ornaments, or to be hoarded. There are several descriptions of gold mohurs, some 10 rupees or 15 rupees in value. Some of the largest kind are even 20 rupees in value. They all bear an intrinsic value without reference to their mintage. This value, of course, is constantly fluctuating with the market. It is almost needless to mention that they are not used as a means of currency.

9.—The Natives are very disinclined to receive any Paper Currency at all. They will hide their real opinion a good deal from deference to the avowed wishes of Europeans; but I believe all will readily state that a Gold Currency is a *sine quâ non* in the establishment of a Paper Currency. If the fluctuating value of gold is in some measure fixed by the establishment of a Gold Currency, the large business connected with remittance of gold would come to an end, and with it the hopes of speculators. A staple market would, in any case, be more favorable to the reception of notes than otherwise, but even then the Native mixes up the idea, and while stating that a Gold Currency would do good, he will state that currency

notes must also be payable from every treasury in order to ensure their use His meaning is obvious He wishes this relaxation in order that he might take advantage of the market in other places and remit his money by currency notes Such a practice, if allowed, would render every treasury in the country bankrupt in its turn according to the variations of the trade, not of gold alone, but of every article of produce and manufacture. I believe gold coins of any amount will always be readily acceptable

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P 8—I can propose no plan for aiding the introduction of a Paper Currency A Paper Currency is the symbol of a very advanced civilization, and India has, from the earliest times, been too much exposed to revolutions and convulsions to make such a state of things possible Our rule is, in the eyes of Natives, only the rule of the day, and we may have to give place to others at any time There is no such thing as a complete confidence in our rule among the large bulk of the population In large cities, therefore, currency notes will readily find favor, not so in provincial towns and in the country at large As in France, during the revolution, *Assignats* steadily depreciated to a merely nominal value with the misfortunes of the country, so in India, currency notes will follow every fluctuation in the political atmosphere, and at the most favorable times, as at present, their circulation will be subject to a tax.

From the Assistant Commissioner, Deoghur,—dated the 23rd February 1866.

I have the honor to acknowledge receipt of your Circular dated 16th instant, and proceed to reply to the same with as little delay as I could avoid, and as accurately as I am able to.

No 1—As far as a limited supply allows Government currency notes are readily received and paid by the Native community at their full rate.

No 2—Requires no reply

No 3—Currency notes are both taken and issued from the Deoghur Treasury in exchange for silver whenever practicable, but the supply of notes is limited.

No 4—A larger supply of notes would meet this want to a great extent.

No 5—I do not think the arrangement of circles, with separate notes for each circle, likely to be popular with Natives, as they would not readily understand it, and it does not so well convey the idea of a Government currency (if I may so style it), which should be equally current and esteemed all over the country I would not retain it

No 6—If the circles are retained, the offices of sub-issue proposed in the second part of the question are obviously requisite

No 7—One universal note for all India would be most readily understood and accepted by all Natives, and more in accordance with what a Government would be supposed to issue It might be convertible at the Presidency towns and at all zillah treasuries Steam communication and railways afford opportunities for remittances that did not exist before, and I believe, this plan would be received with general satisfaction, and that the demand for notes would increase all over the country.

No 8—I think a note of Rs 5 would be after a short time very popular, as more convenient for the poorer people to carry than coin, and from the fact that 10-rupee notes are more in request than any other at present.

No 9—I am of this opinion for the reason given in the 8th reply

No 10—There are no Native bankers here, and few shroffs of any wealth, but *traders* (mahajuns), not strictly *bankers*, use notes for remittances

No 11—I am not aware of discount being taken here for cashing notes, they are not common enough for this

No 12—This practice does not prevail here

No. 13.—There are no bankers or mahajuns who issue hoondees here.

No. 14.—I should have to apply to the treasury at Bhaugulpore, 64 miles, or to that at Sooree, 80 miles; but the chord line of railway, shortly to be under construction, will enable me to get supplies, if needful, from Calcutta, hereafter, direct.

No. 15.—The treasury here is small, and people do not look for many notes from it; but more would be circulated if I applied for larger supplies.

No. 16.—My indents for notes have not as yet been refused; it is only lately much enquiry has been made for notes, and that I have indented on Calcutta for them; previous to this my supplies of notes were obtained from Sooree or Bhaugulpore.

No. 17.—The Government gold mohur is worth Rs. 15 here.

No. 18.—The English sovereign is worth Rs. 10.

No. 19.—The Australian sovereign is of the same value in the bazars, Rs. 10.

Nos. 20 and 21.—I cannot reply to these two questions, having no data.

No. 22.—The people here approve of gold for circulation; but for hoarding they would prefer the Indian gold coins from their containing less alloy and being of greater intrinsic value.

No. 23.—I think it would be liked by them.

No. 24.—Gold coins of the values named would find more favor than notes of like value with the people.

No. 25.—I think a Gold Currency would materially help the establishment of the paper one.

No. 26.—I think so most certainly.

No. 27.—There are no shroffs here whose opinion would be of value; but the most intelligent of the Natives whom I have questioned on the subject give the preference to the Silver, Gold, and Paper Currencies.

No. 28.—Bar gold does not circulate to any extent; but where it does, its purity is tried by the touch-stone.

No. 29.—Many pilgrims bring gold mohurs to Deoghur from the Upper Provinces; there is consequently a number in circulation.

No. 30.—Jyenuggree, Delhi, Moorshedabad, and Nepal.

No. 31.—They pass at their intrinsic value.

No. 32.—I do not think so; they seldom vary in price except from the state of supply.

From the Collector of Dharwar,—dated the 4th August 1866.

I have the honor to furnish the following replies to the queries contained in your Circular dated the 16th February last.

No. 1.—In this district Government currency notes are not readily received and paid away by the Native community at their full value in private transactions.

No. 2.—The reason for this depreciation is that they are not readily convertible into cash at the treasuries. The rate generally for discounting in the market is 4 annas per cent., some times more, according to the bazar rate of the day.

No 3.—Notes are freely received at the treasuries in payment of all Government demands. Notes are also freely supplied in exchange for silver, but the exchange of notes for silver at the treasuries is limited to travellers and to the general public in proportion to issues.

No. 4.—These facilities for the exchange of notes for silver are insufficient to promote the circulation of the notes. They should be exchanged for silver without restriction at the chief local treasuries.

Nos. 5 and 6.—The present arrangement of circles is unobjectionable, but I would establish sub-offices of issue at the chief local treasuries within each circle, where the notes should be convertible on demand as at the head office of issue.

No. 7.—The plan of one universal note is to be preferred, convertible at the Presidency towns and chief local (*viz.*, the collector's) treasuries.

Nos. 8 and 9.—No; I consider the 10-rupee note sufficiently low. Credit is rarely given to that amount in retail dealings.

No. 10.—Only when hoondees or bank bills cannot be had on easier terms.

No. 11.—Yes.

No. 12.—Yes.

No. 13.—The hoondee is preferred, as bearing less risk.

No. 14.—The neighbouring collectorates of Belgaum, Karwar, and Kulladgee are within easy distance by road. Applications to those treasuries would be made for reinforcing the treasury in the event of the silver reserve falling short, but this is not likely to occur, as the surplus funds of this collectorate are large. There is no railway in this district; the nearest railway station (in the Bombay Presidency) is about 200 miles distant.

Nos. 15 and 16.—The contingency in query 15 has not occurred; all indents are readily complied with, subject to the restriction in regard to notes of the higher denominations (of 500 and 1,000 rupees) laid down in the Proceedings of the Government of India, No. 185, dated 26th April 1866, Financial Department.

No. 17.—The Government gold mohur is not current in this district.

Nos. 18 and 19.—The English and Australian sovereigns are not current in this district.

Nos. 20 and 21.—These coins are scarcely known here, and would probably be valued more for the purposes of making into ornaments than for circulation.

No. 22.—The people are fond of gold both for hoarding and circulation.

No. 23.—Undoubtedly. It would be merely re-introducing their own gold mohurs.

No. 24.—Yes; gold coins are likely to find more favor than notes of the values mentioned, as being readily exchangeable in any bazar,

Nos. 25 and 26.—A Gold Currency would help the establishment of a Paper Currency, it being more convenient to take gold than silver in exchange for paper.

No. 27.—The large shroffs and dealers whose opinions have been called for seem to consider that both a Gold and Silver Currency, in addition to the notes, are required, and that no restrictions should be placed on the receipt and issue of notes, or any Government currency at the treasuries.

No. 28.—Bar gold does circulate in this district to a moderate extent, and is tested by the ordinary touch-stone.

No. 29.—No, very seldom.

No. 30.—The gold mohurs are—

"Akburee."

"Shetshaee."

"Mudrasee."

No. 31.—Native gold mohurs pass for intrinsic value only, and are tested before being taken.

No. 32.—No value is placed upon the place of issue. The current price of gold is the value.

From the Treasury Officer in charge of the Dhurmsalla Treasury,—dated the 27th February 1866.

In reply to your Circular dated 16th February 1866, calling for my opinion regarding currency notes, &c., I beg to say that I have this day taken the opinion of some of the principal bankers and tradesmen of this place.

No. 1—Currency notes are not received by the Natives in their private transactions. They are not sold at par.

No. 2.—The discount which parties have to pay is 8 annas per cent.

No. 3—The practice in this treasury is, that Government currency notes are, by order of the Accountant General, Punjab, cashed to a limited extent at par by the treasury officer. The reason for doing this is on account of there being no branch bank; but currency notes are only cashed at the sudder treasury, and not at the tehsil treasuries, but they are received in payment of Government revenue when presented.

No. 4.—My opinion is that currency notes should not be cashed at Government treasuries as by doing this, the money-changers suffer loss, and it increases the work greatly to treasury officers, while there is no advantage to the Government.

Nos. 5 and 6.—The present arrangement will answer very well, provided the currency notes are merely cashed by the money-changers, and not in Government treasuries.

No. 7.—I would not propose having merely one universal note for the whole of India, as it will cause confusion and fraud, and be of no advantage to Government or to the population.

No. 8.—As Government currency notes are legal tender, I would strongly recommend that the 10-rupee notes be discontinued, and 5-rupee notes issued, as they will be more convenient in paying small debts.

No. 9.—There is no doubt that 5-rupee notes will have a greater circulation than notes of a higher value, as the native community prefer taking hoondees when the value exceed 50 rupees. The reason is, they have a dread that, if the currency notes are lost or mislaid, they cannot receive payment until they are found; but by hoondees, they can always get a duplicate on a non-payment certificate.

No. 10.—Notes of a higher value are not much used by the Native bankers for the purpose of remittances. The reason is given in paragraph 9.

No. 11.—It is the practice of the Native bankers to charge a small discount on cashing Notes.

No. 12.—The Native bankers do not buy the notes for the purpose of remittances, as they use hoondees.

No. 13.—Hoondees are preferred to notes. The reason is given in preceding paragraphs.

No. 14.—Currency notes are not cashed by the treasury officer when the silver is low.

Nos. 15 and 16.—This treasury has never been unable to meet the public demands for currency notes, as only a small quantity is indented for when required.

No. 17.—Government gold mohurs are not procurable in this district.

No. 18.—The English sovereigns have never been introduced into this district.

No. 19.—The Australian sovereigns have never been introduced into this district.

Nos. 20 and 21.—If the above coins were in circulation, they would not be sold for a higher value, but would be cashed at par.

No. 22.—The people are fond of gold for the purpose of hoarding and for making ornaments, but not for circulation.

No. 23.—The Natives would like Gold Currency in preference to Paper Currency.

No. 24.—The Natives would very much prefer gold coins of 15, 10, and 5 rupees to notes, but the European community would prefer the latter.

No. 25.—A Gold Currency will help the establishment of a Paper Currency.

No. 26.—The above will also assist the outlying treasuries.

No. 27.—The shroffs or Native bankers would prefer Silver and Gold Currency to notes.

No. 28.—Gold is not circulated in this district.

No. 29.—Native gold mohurs are some times used, but more on account of the purity of the gold for ornaments.

No. 30.—The names of the gold mohurs are as follow—Jeyporee and Rajpootana, Moorshedabadee, Mahomedshaee, and Lucknow.

No. 31.—They are sold to the full value.

No. 32.—The value is calculated by the purity of the gold, and the celebrated name of the place from whence they issued.

From the Deputy Commissioner of Dibrooghur,—dated the 17th March 1866.

No. 1.—Yes, the Government currency notes are readily received by the Native community at their full value, but they are not paid away at their full value.

No. 2.—The reason for their depreciation is this, that, agreeably to Accountant General's Orders of 19th March 1862, the currency notes are not exchanged for silver in the Government treasuries; they are discounted by Native traders from 1 rupee to 2 rupees per cent.

No. 3.—Although, agreeably to the Orders quoted above, the notes are not exchanged for silver, yet they are exchanged for opium, stamps, &c., and are received freely in payment of Government dues, and issued without reserve for silver.

No. 4.—The facilities above alluded to are not sufficient for the convenience of the public; I would suggest that the treasury officers be authorized to exchange notes of larger value for silver.

No. 5.—Yes, I consider the present arrangement of circles well suited.

No. 6.—I would not propose to increase the number of circles in Assam; I would establish offices at the chief local treasuries where the note should be convertible on demand as at the head office of issue.

No. 7.—I would not advocate one universal note for all India, to be convertible only at the Presidency towns, as such a system for Assam would fail in securing confidence; the note must be readily convertible in the Mofussil at par.

No. 8.—I would propose a note of Rs. 5 for the convenience of the public, as it will afford great facility to the public in remitting a small sum and to exchange it in the bazar for articles of small value.

No. 9.—In my opinion, the 5-rupee notes would not have a larger currency than notes of greater value.

No. 10.—Yes.

No. 11.—Yes, the Native bankers exact discount in all cases of cashing notes.

No. 12.—No, they do not buy up notes at a discount.

No. 13.—The Native bankers chiefly prefer hoondees for purpose of remittance.

No. 14.—When the silver reserve runs low, I apply to the Accountant General for remittance of silver. The steamer is the only means in Assam for re-forming the reserve.

No. 15.—No, no indents for notes have yet been complied with.

No. 16.—No.

Nos. 17 to 21. No gold mohurs or Australian or English sovereigns have been used in this district.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—Yes.

No. 26. —Yes.

No. 27.—In the opinion of Native dealers, silver and gold are more preferable than silver and paper as at present exists.

Nos. 28 to 32.—No bar gold and Native gold mohurs are used in this district.

From the Collector of Dinagepore,—dated the 21st February 1866.

In reply to your Circular of the 16th instant, I have the honor to send the following answers to the questions you have asked.

Nos. 1 and 2.—Government currency notes (when procurable) are readily received and paid by the Native community at their full value in private monetary transactions.

No. 3.—Wherever I have been as collector, I have always been ready to exchange currency notes for silver, and silver for notes, to the fullest extent possible, unless forbidden to do so by any rule made by superior authority.

No. 4.—I think every officer in charge of a treasury should be ordered to exchange notes for silver, or silver for notes, for any party requiring it, and to any extent, provided he kept in reserve in silver a sum sufficient for the average expenditure of, say, three months, which would, I believe, be quite sufficient to prevent any inconvenience being felt, or any expense caused to Government for transmission of coin from one treasury to another to supply a deficiency.

No. 5.—I do not consider the present arrangement of circles, with a separate note for each circle at all calculated to promote the reception of a Paper Currency by the Native population, and I would not retain it.

No. 6.—I would not increase the number of circles, or establish offices of sub-issue.

No. 7.—I would prefer the plan of having one universal note for all India, convertible at the Presidency towns and at large stations, such as Patna, Dacca, Benares, &c, where there are branch banks; but I would also make all notes convertible at all district treasuries, either at the discretion of the officer in charge of the treasury, or in accordance with a certain fixed rule, that a certain reserve of silver, say three months' supply, should always be kept in hand. There can, I think, be no doubt that this would have more effect than any other measure in establishing the confidence and liking of the Natives. The great complaint amongst bankers and mahajuns at present is that the notes cannot be circulated widely enough, *i. e.*, that a Lower Bengal note is of no use as a circulating medium in, say Benares, or any other city of the North-Western Provinces. The present system of circles curtails a great deal the usefulness of notes. Suppose a merchant here has business transactions in Allahabad, the notes which he might be able to send from here would be of no use there, until they would be exchanged for notes of that circle, and I can see no reason whatever for saying that a note shall only be of value within a certain circle. If Natives saw that a note was convertible into cash always and at any treasury, they would be much more likely to have confidence in them as a safe circulating medium, than they are while they are confined to certain limits. Take, for instance, the case of a traveller; he has found notes go all right in his own circle, and as he is going home for some months, say to Delhi or Lucknow, he thinks it would be much more convenient to take his money in notes than in any other way; but not being fully acquainted with the mysteries of the present circles, when he gets to

Benares or Allahabad, and requires change for a 10-rupee note, he finds he is all wrong, and naturally he loses confidence in his notes; whereas, with one note current everywhere, he would feel that he was perfectly safe.

No. 8.—I should doubt a note of 5 rupees being of much use, provided you have a gold coin of the value of 15, 10, or 5 rupees; but this is merely an assumption of my own that a gold coin of Rs. 5 would be as useful as a 5-rupee note. Moreover, it is opposed to the views of the Native bankers here, who say that a 5-rupee note would be very useful indeed, and have a very large circulation; and they also urge that there should, as formerly, be notes for Rs. 25 and Rs. 250, which, they say, were very useful, and the withdrawal of which has proved inconvenient.

No. 10.—Notes are very extensively used for purposes of remittance by shroffs and Native bankers. I have heard it stated that notes are not intended to be made use of as remittances, but unless they are, I do not see how they are even to come into general circulation; it appears to me that the more you can get people to use notes even for remittance, the greater the circulation becomes.

No. 11.—It is not the practice to exact discount in all cases of cashing notes; it sometimes is, but it depends entirely on the supply and demand, and sometimes notes are at a premium.

No. 12.—No, I do not believe that Native bankers and shroffs buy notes at a discount, for the purpose of sending them to head quarters of circles for encashment. It may occasionally be done, but not on a large scale.

No. 13.—Yes, shroffs and Native bankers do prefer notes to hoondees for purposes of remittance.

No. 14. There are no railway facilities here for renewing the reserve of silver. Rungpore is the nearest treasury, about 40 miles off. I should apply to the Accountant General to know from what treasury I was to draw silver if it became necessary, but I do not believe it would be. If you kept a three months' reserve of silver, and notes were freely convertible, with no bother of circles, I believe the supply and demand would about balance each other—if one man wants cash, another party requires notes.

No. 15.—The treasury has often been unable to meet the public demand for notes. Many applications have been made when there have been no notes in hand. I cannot say that it has been in consequence of indents for notes not being complied with; but I do think it is mainly because a treasury officer is left with no discretion as to what amount he should keep in notes. As soon as the Accountant General sees that any considerable amount of notes are in the treasury, he orders them all to be sent down to Calcutta, or some other treasury where he thinks they are wanted, without any reference to, or his having any knowledge of, any local demand that exists, or is likely in a few days to exist for notes. Only two indents have been made from here for notes this year, and both were complied with; but I speak with reference to other places (as I have only been here a month) when I say that indents are not always complied with. It may be said that you would be liable to be swamped with notes, or that combinations might be formed to buy up notes and denude the treasury of cash on a certain day, but I do not myself think there would be much fear of such things being done; they might as easily be done to private bankers now, and yet they do not occur; and I do not see why they should with a Government treasury. Such combinations would be very likely to derange the Native money market and recoil on the planners of them; the Natives are perfectly aware of this, and I believe that, in practice, it would be found there was no danger. If one man wants Rs. 50,000 in cash for notes one day, some one else will want the notes for cash to-morrow; but even if it were not considered advisable to go to the full extent, there would be no great difficulty in ascertaining pretty accurately what each district required for legitimate trade, and giving the officer power

to exchange cash and notes to that extent; for instance, let Rs. 50,000 in notes be the monthly amount allowed for the treasury officer to keep here, any large surplus over that amount the Accountant might make available for other districts, and, of course, the treasury officer would be bound to give out notes to any applicant; but let the treasury officer have also authority to cash any notes presented, only reserving three months' supply of silver. Natives would know exactly the state of the treasury cash balance, and whether they could get change for their notes or not, and the bazar would settle for itself without difficulty any arrangements for notes being at a premium or discount, in consequence of the treasury not having sufficient silver. This is in fact what goes on now, with the exception that there are not notes enough kept in the treasury to keep up a good circulation sufficient for the legitimate trade of the district. What is required is, I think, a larger supply of notes at district treasuries.

No. 16.—Inability to do so or no necessity are the only reasons I know for refusal to comply with indents.

No. 17.—The Government gold mohur averages about Rs. 15-6 in the bazar.

No. 18.—As far as I have been able to ascertain, there are no English sovereigns in the bazar. I sent to-day two English sovereigns and one Australian sovereign, which I happened to have, into the bazar, and asked what I could get for them, and they were valued at Rs. 9-12 each.

No. 19.—Same answer as 18.

No. 20.—No, I do not think that sovereigns or gold mohurs generally bear a higher value in the Mofussil than in the Presidency towns. It is a mere question of the amount in the market.

No. 21.—Answered by 2Q.

No. 22.—Yes, people are fond of gold both for purposes of hoarding and circulation.

No. 23.—Yes, I believe the Natives would like a Gold Currency.

No. 24.—Yes, though the bankers say 5-rupee notes would be very useful, I believe gold coins of 15, 10, and 5-rupees would become great favourites on account of their being so much more portable than silver, and also because they would not like paper be so liable to destruction by fire.

No. 25.—I am of opinion that a Gold Currency would be a great help to the establishment of a Paper Currency.

No. 26.—And that a Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note.

No. 27.—The Native shroffs and bankers prefer a currency of silver, gold, and paper.

No. 28.—Both bar gold and sheet gold are used in the district. I should not call it circulated, but rather made use of as a mode of making a remittance. The only way its purity is ensured is by testing it.

No. 29.—Native gold mohurs are not much used as a means of currency; but I believe it is because there are not enough of them.

No. 30.—The gold mohurs principally used here are the old Moorshedabad and the Jeyporee. There may be a few Government gold mohurs and a few hoons.

Nos. 31 and 32.—Their value depends on the purity of the gold. The old Moorshedabad is considered the best, and is worth Rs. 21 to 22; the Jeypore mohur being worth Rs. 18 or 19, and the Company's mohur Rs. 15-6 at present; but these prices are liable to fluctuations.

From the Deputy Collector in charge of the Treasury, Etah,—dated the 10th March 1866.

No. 1.—No; they are not readily received, and never at their full nominal value at any distance from the treasury of the circle at which they are convertible.

No. 2.—There are two reasons for their depreciation,—one is, that the Natives receive them with suspicion; the other, that they are not readily convertible: these causes act upon and multiply each other, and it is hard to say which is the chief cause for the depreciation of the notes. The notes have in these parts no more value than any trustworthy hoondees on Allahabad. Even the banks at Meerut, Agra, &c., receive them only at a discount of 1 per cent. The depreciation, therefore, is not solely caused by want of confidence, but is to be attributed to the present arrangement of circles. At the same time, the mistrust undoubtedly felt by the body of Native dealers increases the depreciation. The average rate at which they are discounted among Native dealers is not ascertainable, as only a few have passed hands in our bazars.

No. 3.—It is easy enough to get notes for silver, but there are no facilities for getting silver for notes. The departmental orders allow of no facilities.

No. 4.—I think, until the confidence of the people is secured, notes should be cashed at every district treasury. At first sight this may seem impossible, but the issue of notes should at first be very limited so as to admit of their being cashed at every treasury. And, besides, the very fact of their being convertible everywhere will prevent any one from wishing to convert them.

No. 5.—I consider the present arrangement eminently calculated to discourage the reception of a Paper Currency among the Natives. They do not understand it. It is capricious in the assignment of limits to the currency; and a note which is only a legal tender within an artificially limited area will, in my opinion, never pass at par.

No. 6.—To increase the number of circles would only aggravate the evil.

No. 7.—If the circle of currency was coincident with the area of trade, in other words, if the notes were a legal tender at every place with which a merchant had dealings, they would pass at par. But as they can only be tendered at some few places, and are only convertible at one, they must be at a discount. I would have one note for all India. A note which is not a legal tender everywhere must be at a discount, for it has no intrinsic value of its own; and I would at least make it convertible at all the larger treasuries—certainly at all along the railways and main lines of roads. But in my own opinion, it should be convertible at every treasury. I give the preference to this plan, because I am convinced that, to secure the confidence of the Natives, the note must be universal and easily convertible. Unless it is universal, it must remain at a discount, because its currency is limited artificially and not with reference to the wants of trade. Unless it is easily convertible, the suspicions of the Natives will be readily aroused. They ask why the Government will not receive its own notes; and cannot understand why cash is refused at any Government treasury. I would, therefore, begin with the issue of an universal note, limiting the issue at first to a small amount, so as to admit of making the note convertible everywhere. When use has established confidence, the issue might be increased, and the number of treasuries authorised to convert notes decreased. I believe in this way the paper would soon become really current. At present, as far as my experience goes, there is no real Paper Currency in these provinces; the paper is never used, except for the purposes of travelling or making remittances, and this only, or at least chiefly, by English officers.

No. 8.—I would propose a note of 5 rupees value, and believe it would have a larger urrenc y. The great mass of the population are agricultural, and no one not practically acquainted with them knows in what very small sums their transactions are carried on. All the land revenue comes originally from them. The dealers buy the produce from the peasantry, not in large quantities, but bit by bit, often in payments made by advances, spread over

the whole year. As long as peasantry refuse the Paper Currency, the dealers will not use it; as soon as the peasantry make use of the paper, it will circulate to the landlords, and from landlords to Government.

No. 10.—Notes are not used for remittance purposes. They are often stolen in the post, and the procedure necessary to recover their value when lost is very cumbrous and costly, and deters Natives from thus using them.

No. 11.—Always; even the European bankers exact discount; but the instances in which notes have been cashed by the shroffs of our bazar are very few.

No. 12.—This depends entirely on the exchange market. Nobody would buy notes here to send for encashment to Allahabad, unless he got the notes at a large discount: no instance of such a transaction is known here.

No. 13.—Hoondees are preferred to notes; they are much safer: this is the reason assigned: if a note is lost, even if ultimately recovered, much trouble is incurred. In halving notes the delay is objected to.

No. 14.—We have a railroad to Shikoabad, from which there is a metalled road of 35 miles length. We would apply to Allahabad to the Accountant General, North-Western Provinces.

Nos. 15 and 16.—Never; there has been very little demand.

No. 17.—Rs. 15, because it is bad gold. To sellers the shroffs only give Rs. 14-12.

No. 18.—Rs. 10-2 to Rs. 10-4. It is more in demand as of smaller cost than the gold mohur.

No. 19.—The Australian sovereign does not appear known as distinguished from the English sovereign.

Nos. 20 and 21.—Yes; the cause is partly owing to their being scarcer, partly to the fact that they have to be conveyed from the Presidency towns, as they do not come to hand in the course of business transactions.

No. 22.—They hoard gold, but only when they hoard large sums.

No. 23.—The Natives do not seem to object to Gold Currency.

No. 24.—They prefer gold coins to paper,—1*st*, because they cannot bury paper; 2*nd*, in case of robbery they can conceal a few gold coins in their mouths, whereas paper is liable to damage from wet, &c.; 3*rd*, if the Government were subverted, the paper would be valueless; 4*th*, they fear that Government might refuse to receive their paper after a while, as silver coinage of certain stamps has been refused. Briefly, they have no confidence on the stability or honesty of the Government.

No. 25.—I do not see how gold would aid the circulation of paper more than silver does.

No. 26.—Except in so far as gold is easier carried and kept, I think not.

No. 27.—Their ideas are very unformed; they prefer silver or gold to paper.

No. 28.—No.

No. 29.—No.

No. 30.—Jeypore and Moorshedabad.

No. 31.—Yes.

No. 32.—No.

From the Officer in charge of the Treasury, Etawah.

In replying to the questions contained in your Circular of the 16th ultimo, I beg to premise that this is a purely agricultural district, and that the population consists for the most part of poor but not unprosperous small cultivators, principally Brahmins by caste, and of local traders and speculators in produce.

No. 1.—Government notes are not readily received by the Native community. The mass of the rural population will not take them at all, and the traders in the bazar only when forced, or as a matter of favor.

The reasons of the depreciation of Government notes are—

1*st*.—Ignorance of the rural population as to the means of cashing them; their inability to reach them, and consequent doubts as to their genuineness.

2*nd*.—The general dis-sympathy of the Native with the Government, and dislike to transact business at all with the Government for fear of involving themselves in some way or other. I am informed that the people would often be afraid to offer a reduced price for a note, as possibly subjecting them to fine or other punishment.

3*rd*.—The perishability under the extremes of climate, which prevents hoarding or constant interchange.

4*th*. The difficulty and loss of time caused by the loss of a half note in transit by post or otherwise, in recovering the value from Government, and the generally enhanced risk in despatch of notes as compared with hoondees, which are never registered, and yet very rarely lost or forged. A banker will ordinarily, at once, issue a duplicate hoondee.

5*th*.—The greater facility and ease with which a Native can get a hoondee cashed. Thus, in the case of a pilgrimage, hoondees are usually taken, notes never, because, in the former case, the pilgrim goes to the banker and gets the money readily; in the other, to the cutcherry, where he is closely and formally interrogated, kept waiting, and perhaps told that the note belongs to a different circle and cannot be cashed.

No. 2.—In this city a note would only be taken in as a matter of favor; there is believed to be no place where the note can be cashed in the bazar; there is therefore no average rate of discount.

No. 3.—Notes of the currency circle in which the district is included are cashed at the treasury. The applicant brings the note; answers questions as to where he got it, &c., and after it has been compared with the list of missing notes supplied to us weekly, it is cashed. We do not cash notes of other circles.

No. 4.—Tehsildars have been directed to receive notes in payment of the land revenue, although they have not the check lists of lost notes, without any very great increase to the cash deposits. Under the tehsildars, facilities for cashing notes might be afforded at the tehsilees: a still better plan would be, if possible, to induce the honorary magistrates, who have often built for themselves offices, to take on themselves this part of the administration. They are nearly all men of property, from whom security need not be taken, and they gain so much dignity from their magisterial powers that they would not refuse a work which might be somewhat onerous. Were the plan adopted, each note should have the endorsement of some known inhabitant of the district. This would be the more necessary in case of a large issue of small notes.

No. 5.—The system of circles is a source of inconvenience. It is a complication, and to cause the system to be popular, it must be simple and easily understood by the ignorant. Allahabad tradesmen have returned notes to this station, because they were of the Lahore circle, and only cashable at a discount. The treasurer has some time taken by mistake notes of other circles, and a Native would be more liable to do so. There seems to be no ground for the present system, but that of *necessity*.

Nos. 6 and 7.—As I have above remarked, the first requisite of a note system in the country is, that it be simple. I think, therefore, that there should be one note for all India, convertible, however, not only at every district treasury, but at other places, such as tehsilees, subject to the restriction mentioned in my answer to question 4, and to such other restrictions as might be necessary with reference to the different localities. The *conspicuous* printing on the note should be Hindoostanee; the different grades of notes of low value should be distinguished by clear distinctions of colors, and the notes should be made as *unique* and innate a document as is consistent with economy. These measures would be necessary to prevent fraud on the part of the knowing trades-people, writers, and zemindars against the ignorant cultivators. The note should be of the strongest materials, as it would be frequently carried, crimpled up in *pugrees* or in the *kamurbund* of the natives, and, consequently, exposed to damp. The main difficulty in respect of the convertibility of this universal note would be the danger of a run on outlying small treasuries. This might be obviated by massing large sums at the leading stations along the line, especially where there are troops, and organizing a perfect system of *rapid* transmission of treasure by rail. A system of inter-transmission between treasuries would also aid. Thus, the Futtehgurh Treasury might call on us, and we on the nearest large station on the line. A simultaneous introduction of Gold Currency would vastly facilitate this, and render the constant transmission of cash comparatively cheap and safe. I believe that, practically, the danger of the occurrence of overwhelming demands on particular treasuries is not *very great*, and further that it would not very greatly tend to diminish public confidence. The district officers would often, in small rural districts, be able to anticipate such demand, and in the large trading emporia, such as Cawnpore, the cash should be sufficient to meet any demand. The objection may be made that any system of paper is useless if the potential wealth represented by the note must be everywhere accompanied by its actual *realized* equivalent. But it must be considered that a note system is an innovation on the customs of an ignorant, conservative, and antipathetic community, and that the system cannot possibly succeed otherwise. It may, I think, be anticipated that after a few years public confidence would be established, the extreme facilities of cashing notes might be gradually withdrawn, and, consequently, the increased deposit of money over the country would be only a temporary evil.

Nos. 8 and 9.—I think a note of Rs. 5 would be useful, and certainly in the end have a larger currency than others of higher value. It would habituate the people, the mass of whose transactions are small, to the system, and so to speak educate them in it. Probably, its immediate result would be a vast amount of fraud and litigation, but it would, I think, be the easiest way in the end of accustoming the people to a note system. The remarks in my answer to 6-7 in regard to the substance of the note would apply specially to this note.

No. 10.—Very rarely, or never.

Nos. 11 and 12.—Transactions of this nature are almost unknown here.

No. 13.—Native bankers invariably prefer hoondees to notes for purposes of remittance.

No. 14.—In despatching treasure, a police guard has to be called, the treasure has to be weighed, and placed in the boxes in the presence of the treasury officer. Notice has to be given to the railway officials. The present system, however, is not intended to procure rapid but safe transmission. In case of our silver running short, we apply to the Accountant General.

Nos. 15 and 16.—Our indents have not been refused.

Nos. 17 and 18.—The rest relating to gold mohurs.

There are not many mohurs in the bazar, the commonest sort being Jeypore mohurs. Government mohurs, Moorshedabad, and Gwalior mohurs are also to be met with. Their price is determined not so much by their value as proceeding from different Governments, as by the demand if there is a purchasing competition in the market between zemindars and

jewellers for purposes of hoarding, melting, &c It is said that mohurs are not often melted, and the jewellers in the bazars use "*puttiahs*," which come from Calcutta, Benares, &c, and are tested only by melting.

English sovereigns are almost unknown in the bazar. Gold mohurs cannot be regarded as a means of currency, and their value is intrinsic, subject to the consequences, as above stated, of an increased supply or demand.

With reference to the feelings with which natives would regard the substitution of a Gold Currency, I believe that their main objections are based on the different and fluctuating values of the gold coins at present current, and that they would have no objection to the introduction of gold For the present, I am of opinion that there should be no gold coins lower than half-sovereigns.

There would be, in my opinion, a great advantage from the simultaneous introduction of gold and paper, the *shock* on the prejudices of the Natives would be *one* instead of two, and there are obvious advantages in respect of the easier transmission of gold from one treasury to another

As those questions have been addressed to the Collector, who has a much greater, general, and local experience, and a much better acquaintance with the subject than I pretend to have, I need not go into detail. I believe in the advantages that would be derived from the simultaneous introduction of gold, and a simple and easily convertible system of small notes The criminal statistics of the country will show the comparatively slight immediate danger of forgery, and risks on local treasuries can be anticipated, and, therefore, obviated. The hoondee, which is the only prevalent credit system, will not be necessarily affected, it being only a means of transmission of wealth, and not an anticipation of the future and an expression of commercial confidence as is the note, nor do I think that the bankers who traffic in hoondees would oppose the introduction of notes through fear of loss of this part of their business

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From the Collector of Etawah,—dated the 18th April 1866.

I have the honor to acknowledge the receipt of your Circular of the 16th of February.

2.—In enquiries of this nature, it is often important to guage the *intelligence* of the community, into which it is proposed to introduce any new measure, and I, therefore, beg to enclose *verbatim* translations of the replies of the five tehsildars of this district to the queries propounded by your Commission.

3 —These officers are revenue officials, drawing from Rs. 175 to Rs 200 a month. They are, all of them, markedly superior to the majority of their fellow-countrymen in the district, and they have consulted, in framing their replies, all the bankers and principal traders in their respective jurisdictions. Under those circumstances, I cannot but think their replies likely to prove instructive, not so much for the little real information they contain as for the test they afford of the degree in which such questions are within the comprehension of even the least ignorant portion of the Native community here.

4 —I also enclose my Assistant's replies to the several queries. As regards questions of fact, how far notes circulate here, what facilities are afforded for the exchange of notes, &c, I could add little to what these several replies contain, and I, therefore, propose to confine myself to submitting a few remarks in regard to the general question of a Paper Currency.

5 —I should premise that I myself doubt the desirability of *any* State issue of paper money In State issues, either the whole issue exceeding a certain minimum is covered by bullion or cash or the issue is discretionary with the executive, and is covered by the national *credit* In the former case, as painfully exemplified in England in 1847 and 1857, the whole currency of the country is forced to contract spasmodically, when, by the fluctuations

of trade, the supply of the precious metals runs low; and *instead* of an increased Paper Currency, when the metallic currency runs short, and *vice versâ*, it is just when and in proportion as the metallic currency diminishes that the Paper Currency is contracted, thus intensifying artificially every natural crisis of the money market. On the other hand, where the issue is virtually left to the discretion of the executive, it necessarily converts the executive (at least if the issue is to be a real *currency*) into State bankers. Now, State banks will work admirably in calm weather; but there is no instance of their doing so under pressure. So sure as times of trouble come (witness France at the close of the last century, Austria for the last half century, and America of the present day) over-issues result, and green backs, assignats, 39 kreutzer notes, &c. A greatly depreciated Paper Currency saps public credit, and eventually paralyses trade.

6.—These considerations are not foreign to the subject now under discussion, since it is in reality chiefly to the futile attempt to avoid both these difficulties, and steer a sort of would-be safe, but practically feeble, middle course, that the present want of success of the Paper Currency in India is due. Do the Government want to establish firmly a Paper Currency in the confidence and liking of the people? In theory, nothing could be more simple; make one universal note for India, and make it *everywhere* convertible. But then, in order to do this, the Government must be bankers: it is not sufficient for them to have treasuries for their own money in each district; they must have banks as well. The fact is, that the issue of paper money is a part of banking business; a part of business which ought to be left to private enterprize and capital; and in which the State has no business to enter into competition with the individual. As I pointed out to the late Mr. Wilson (though he scouted the idea), the whole of those profits, which he contemplated accruing to the State from his proposed Paper Currency were "banking" profits, which the Government had no more business to lay themselves out for than they had to compete against the public (as they have so often injuriously done) in other branches of industry. No Paper Currency can ever, really, permanently, succeed, or take hold upon the confidence of the masses resident within any given jurisdiction, unless it is readily *convertible* throughout that jurisdiction. It does not follow that it will be converted; on the contrary, after a time, *very little would* be converted, and notes would pass from hand to hand, in preference, probably, to gold or silver. But it must be *convertible*; and to make it so, as a State issue, the Government must be bankers; the Government must absorb much of the legitimate profits of banking; the wider they extend their Paper Currency, and the more successful this latter is, the more seriously and injuriously do they trench on the province of private enterprize.

7.—The Government are now vainly endeavouring to grasp the profit, but still evade the risk; and yet they wonder at their want of success! Volumes may be written on the subject; and yet, I believe, that the whole matter lies in a nutshell. To render a State Paper Currency a reality in Upper India, it must be everywhere convertible; to make it everywhere convertible, the State must be bankers! No private institutions are adequate to the task.

8.—In my judgment, our growing commerce absolutely needs an increased currency, but no human being can rightly estimate the amount of that necessary increase. We urgently require a Paper Currency to supplement our precious metals; but the *only* safe way to deal with paper, the only way to ensure that we get as much as we want, and not too much, and to make sure that this, our stand-by, does not fail us just when we most require it, is to leave its issue to the public themselves, and to allow the ordinary laws of demand and supply to regulate this, as well as other commercial transactions. Banking, like commerce, might be placed under certain general restrictions; but the same principles of free trade that are applicable to the one ought to govern the other.

9.—I shall be met, of course, by the old objections: "The taking measures" (says McCulloch) "to insure the convertibility of bank notes into coin, is a matter which cannot safely be left to the discretion or judgment of individuals, but which must be settled by

Government. No bank notes should be permitted to circulate, about the equivalency of which to the coins they profess to represent, there can be the smallest room for doubt. It is alleged, indeed, that in this, as in most things, we may safely trust to the prudence and sagacity of those who deal with banks, and that, if left to themselves, the public will, very rarely, be deceived. But the widest experience shows that but little, if any, dependence can be placed on this doctrine. The public is very apt to be misled, in the first instance, in giving confidence to, or taking the paper of, individuals or associations, and though that were not the case, the condition of an individual or company may change from bad, or expensive management, imprudent speculations, unavoidable losses, and fifty other things, of which the public know nothing, or nothing certain. The fact that any particular banker, who issues paper, enjoys the public confidence, is at best a presumption merely, and no proof that he really deserves it. The public may believe him to be rich and discreet, but this is mere, hypothesis; the circumstances which excite confidence, at the outset, and which preserve it, are after all, very deceptive, and in the vast majority of instances, the public have no certain knowledge, nor the means of obtaining any, as to the real state of the case. But it is necessary to argue this point speculatively; there have, unfortunately, been innumerable instances in which it has turned out that bankers who have long been in the highest credit, and whose notes had been unhesitatingly accepted by the public, have been found to be, on the occurrence of any thing to excite suspicion, quite unable to meet their engagements."

10.—And this, feeble as it is, is, I believe, about all that can be said against the general freedom of the right to issue notes. But all these arguments are, it will be observed, equally applicable to *deposits*, and no disciple of even the McCulloch school has as yet been bold enough, I believe, to propose to prevent people accepting all such deposits as the public choose to place in their custody. "There have unfortunately been innumerable instances in which it has turned out that bankers who have long been in the highest credit" have been unable to pay up a tenth even of the deposits made with them; but I never yet heard this adduced as a reason for prohibiting private individuals and banks from accepting all such deposits as they could get, though Mr. Gladstone did dilate on the unreliable character of too many of the English country deposit institutions when pleading for the so-called Post Office Savings Banks.

11.—I do not believe that there is a single valid objection to throwing open the right to issue notes to all chartered banks and banking associations, which may not adequately be met by requiring the issuers to hold Government securities at par to the extent of such portion of their issues as is not represented by cash or bullion; and be it observed, such a proviso would not, as the present Indian cash deposit system does, nullify the advantage of the Paper Currency. In commercial crisis it is not assets, not realized wealth, that is wanting, it is merely money, the legalized representative of those assets and that wealth, which is temporarily scarce. In the Calcutta crisis of 1863-64, when commerce was being starved for want of these counters, and when a couple of millions of paper money would have eased off the market, men with large sums in Government paper and chests of bar-gold were unable to get their representative value in notes, because our present pernicious system, based on the not less injurious English Bank Act of 1844, requires you, the moment you exceed an impossibly small minimum of issue, to lock up and take *out* of *circulation silver* rupees for every paper rupee you put into circulation.

12.—In the case of private notes, it would, of course, not be proper, or necessary, to make them a legal tender, and very possibly Government might decide that, as a rule, they should not be received in payment of the land revenue, &c. This would not, however, affect the question. Paper Currency is desirable, not as a source of profit to the Government, but as a means of meeting the necessities of the commercial public, and supplementing a deficient and equalizing a fluctuating metallic currency; and, notwithstanding the notes not being a legal tender, and being refused in payment of taxes, they would, if the right to issue them were thrown open to the banks generally, under the sole restriction suggested in the preceding

paragraph, freely circulate amongst the commercial public to exactly that amount to which the variations in the money market and the general fluctuations in trade rendered necessary. We do not want to push paper money into circulation, so that Government may make a profit by the arrangement; we only want to put it out to help trade, and facilitate the development of the resources of the country, and to do this safely, we must ensure that there shall always be as much out as is required and *no more*; and this can only be accomplished by having a *number* of independent centres of issue, each governed by the ordinary laws of demand and supply.

13.—If then, I am to give a candid answer to the question: "What plan would you propose with reference to the important object of establishing a Paper Currency in the confidence and liking of the Natives?" I must reply, unhesitatingly, repeal Act XIX of 1861. Throw open, under certain, simple restrictions, the right to issue notes to all registered banks and banking associations; append a few stringent, penal* provisions against the evasion of your restrictions; and, in a very few years, you will have exactly that amount of Paper Currency afloat which the country really requires, and what is best of all, it will be an elastic currency, expanding in times of pressure, and contracting when money is plentiful.

14.—But it will be urged that this will fail to secure the immediate convertibility of the whole of such issue. This is true; but when the issue only corresponds with the requirements of the public, practically only a small portion of such issue will ever require to be convertible at a moment's notice. The case of deposits is parallel; no system of banking, except, perhaps, that of the old Bank of Amsterdam, and the present Bank of Hamburgh, provides for the possibility of all its deposits being called for at once; and no system of Paper Currency need provide for a demand for cash for all its notes at once. The total demand deposits of all the banks in the United Kingdom is said to exceed £300,000,000, while the total cash in their possession, including from £13,000,000 to £15,000,000 of the Bank of England, can seldom, if ever, exceed £30,000,000. It is not for impossible combinations, but only for such vicissitudes as long experience proves to occur in practice, that we are bound to provide. Doubtless, here and there, banks will, from time to time, lose credit and stop; but whereas, in banks that fail, the depositors lose all, or a heavy percentage of their money, the noteholders, under the system advocated by us, will be sure of ultimately recovering the full value, or very nearly the full value of their notes, by the sale of the Government securities.

15.—Perhaps I shall be told that there is a vast difference between deposits and bank notes. Perhaps there are some yet found who will say, with McCulloch, "It is the duty of Government to take care that the value of the currency shall be as invariable as possible; but it has never been pretended that it is any part of its duty to enquire into the security given by borrowers to lenders. Gold being the standard of value, Government is bound to take effectual precautions that the currency shall truly correspond in the whole, and in all its parts, with that standard; that every pound note shall be worth a sovereign, and that the amount and value of the aggregate notes in circulation shall vary exactly as a Gold Currency would do were it substituted in their stead. But if A trusts a sum of money in B's hands, that is his affair, and concerns none else." To some, possibly, this reasoning may seem conclusive; but it is really fallacious in the extreme. So long as notes are neither a legal tender, nor a State issue, they are not currency in any sense, which would make it the concern of the State to maintain their unalterable value; they are not State currency, but merely private promises to *pay* a given portion of that currency, and are similar, in most essentials, to receipts granted for demand deposits. True, it is the business of the Government to maintain the value of its own currency as unalterable as possible, but it is no business of the Government to provide for the unalterable value of any bank's *promises* to *pay* a given portion

* *Vide*, for instance, 20 and 21 Vic., c. 54, sec. 8, *et seq.*

of that currency. A loose use of the word currency, or perhaps more strictly, the inclusion of two totally different things under one name, has led to this error, and there can be little doubt, I think, that for practical purposes, we may justly reason from the analogy of demand deposits to private notes, and *vice versâ*.

16.—That the system I advocate for introducing an adequate Paper Currency is no mere speculative view, will be admitted by all at all conversant with the history of banking in Scotland, where from 1695 to the ill-judged extension of the Bank Act in 1845, the most unrestricted freedom in banking prevailed; and where, as the Committee of the House of Commons reported in 1826, "the issue of promissory notes, payable to the bearer, on demand, for a sum of not less than 20*s*., has been, at all times, permitted by law." How admirably this system has worked is patent from the results. A miserably poor country, in which the precious metals were scarce in the extreme, has been in a vast measure owing to a healthy banking system developed into what every Scotchman now proudly feels that Scotland has become. An extensive Paper Currency, the issues of numerous banks, and used alike by all ranks and classes, has quietly occupied the whole platform, and during a century or more, there appears to have been no instance of any over-issues. If the Government really desire (not to turn an honest (?) penny, by absorbing the legitimate profits of its banker subjects, but) to introduce safely and certainly such a Paper Currency as the developments of trade now, daily, more and more, imperiously demand, they cannot possibly do better than retrace their steps, ere they are irretrievably committed, repeal Act XIX, and adopt a policy similar to that which obtained in Scotland from the foundation of the Bank of Scotland up to the passing of Sir R. Peel's Act in 1845.

17.—Possibly, however, I shall be told that the Government have finally decided to maintain a State issue; and that all we really have to consider is, how to arrange a State issue, so as to do as much good, and as little harm, as possible. What I have already said will throw some light upon this question, only it must be distinctly borne in mind that bank notes issued by the State, and bank notes issued by private banks, are of a widely different character. The former are virtually a part of the currency, the unalterable value of which the State *is* bound to maintain; the latter are mere promises to pay a portion of the currency, on the part of the individuals, or corporations, the value of which must vary with the credit of the promisers. Where the Government are the *promisers*, since national credit is the very life *blood* of a State, the duty of maintaining it untainted is paramount; and no possible precaution necessary to secure the fulfilment, to the letter, of all such promises, may be safely neglected. But where individuals, or institutions, unconnected with the State, give these promises, the Government is in no way bound to interfere to enforce them, otherwise than as they interfere to enforce all legal contracts and engagements entered into by the public *inter se*. This distinction must be ever borne in mind; and it would be well for every Government to weigh carefully the heavy responsibility that a State issue entails, and the evils that have *invariably* attended it whenever any paper issuing from Government has come under unusual pressure, before they accept the price of entering into competition with their subjects as bankers.

18.—I do not think that it is sufficiently clearly realized that in the *present state* of the Native community in Upper India, at least, it is a *sine qua non*, that any State Paper Currency, to be a real *circulating* medium, should be readily convertible throughout the whole of the geographical division within which it circulates. Whether you have one note for India, or 20 notes, whatsoever circle you assign to a note throughout that circle, it must be readily convertible, not convertible at one place only, several hundred miles distant from many portions of the circle, but convertible everywhere, or at any *fair*, in every important place throughout the jurisdiction. Now, to do this, be these circles small or large, the Government must either actually turn bankers themselves, or give, as in England, and (though in a different form), in India, a *monopoly* to one, or more banks, reserving for

themselves certain advantages at the price of that monopoly. In either case, the whole of the profits which the State realizes are, in my judgment, scarcely legitimate, and must, in the long run, prove a loss instead of a gain.

19.—The manner in which in England, from generation to generation, the Government has, until quite recently, gone on consolidating and intensifying the Bank of England's monopoly, exacting at each fresh concession, a fresh contribution from the bank, is too notorious, and the principles on which the whole policy was based, too opposed to the more advanced views of modern political economy, to need much comment here; but it behoves us to take care, that here, where we have, almost a "*tabula rasa*," we do not fall into the error of perpetuating an old world blunder which, but for our constitutional objection to violent changes, and that peculiar hold which venerable institutions, however faulty, have upon the mind of John Bull, we might certainly predict, would come to an end before many years are over.

20.—Do not let us, though in a different shape, develope any thing like a similar monopoly here in favor of the Bank of Bengal. If the Government will take upon themselves the business of bankers, they ought (though it is not possible) to do it themselves; no vested interest would be thereby created, and the mistake would be easier rectified hereafter. Whatever course is adopted, the Bank of Bengal, and all other banks and bankers should stand on a fair equality in this matter; and if any rights which the Bank of Bengal possesses or possessed, are, or have been infringed, let it be duly compensated. It is, it seems to me, much to be regretted that at the close of the 19th century, a highly civilized Government should virtually enter into the field of private enterprize in competition with, or worse, to the exclusion of, those it represents; but it is surely worse that it should put any third party into exclusive possession of that field. In the former case, at least the whole of the profits realized go to the benefit of the public at large; in the latter, a large portion necessarily falls to the share of the favored monopolists.

21.—But it will be justly contended that notes cannot be got into circulation without the instrumentality of banks; that it is impossible for the Government of India to establish State or national* banks, all over the country (as would be necessary, in order to render the Paper Currency a reality), and that from the nature of the case, it is impossible to secure that certain convertibility which is so desirable in the case of a State issue, unless the Government confines the business of issuing their notes to one institution in each jurisdiction. I admit the practical force of the argument; but what further or stronger proof can be necessary of the extremely objectionable character of the whole scheme than these very facts, that the only possible manner in which the proposed State issue can be safely worked is by conferring a monopoly on a single institution at the expense of the public; and that even then, the issue that you achieve is one that will always be largest when least wanted, and most contracted when most required?

22.—The fact is, that the whole scheme is inapplicable, when a vast country, like India, has to be dealt with. Our whole procedure in this matter, heretofore, has ever seemed to me like an attempt to fit a Lilliputian's jacket on to a Brobdignag. The vast resources of the Bank of England, coupled with a credit which is the growth of centuries, and is, moreover, practically identified with national credit itself, suffice to work a somewhat analogous system, over an area not nearly so large, and numbering scarcely half the population of these North-West Provinces; but what bank, in the whole world, is, in any sort of degree, competent to work it over the broad plains of India, from Peshawur to Calcutta, and from Sylhet to Nagpore? You may have a sham Paper Currency, as you now have, nominally extending over this vast empire; but Paper Currency is a part of banking business; and there neither is, nor, probably, ever will be in India, any single bank with a fiftieth part of either the

* They are doing something not very unlike this in America.

capital, or credit, requisite to carry on such banking operations throughout those vast areas, as should thoroughly popularize, or give the people any thing like the full benefits of a Paper Currency.

23.—Everywhere a thirsty commerce is beginning to pine under a daily less adequate currency; it will be for the Government to beware how, for the sake of some trifling present profits, they bind themselves to a scheme which from its very nature is incapable of that development which will, before long, be almost a necessity. People seem surprized that so little progress has been made in this matter, but the fact simply is, that the machine is totally inadequate to the work; and you might as well hope to turn the Ganges through a ten-inch pipe, as to circulate the Paper Currency which this vast country will soon require, through the narrow and isolated channels of the Bank of Bengal.

24.—Doubtless, even under the present system, a Paper Currency exists; but let no one fancy that it is to that system that we owe it. On the contrary, this Paper Currency was made by the Banks of Bengal, Bombay, and Madras, within certain limited areas, throughout which their capital sufficed to carry on *bonâ fide* banking operations. The Government then stepped in, and appropriated (though not without liberal concessions in return) the fruit of their labours; and from that day, though they have increased their issues, the Government have scarcely perceptibly enlarged the very limited areas within which the Paper Currency is a *reality*.

25.—Of course, in a hurried letter like this, it is impossible to do more than touch upon the most prominent points. I have, however, I conceive, clearly shown that there are in India insuperable objections to a State issue of bank notes. That in all times, and in all places, a State issue, sooner or later, entails either depreciation and loss of national credit, or spasmodic contractions of the currency, intensifying all natural commercial crises. That further, to get such State issue into currency, either the Government must turn bankers themselves, and virtually engross one important field of private enterprize; or they must, in exchange for a portion of the profits derivable therefrom, confer on a single institution, in each jurisdiction, a monopoly of that field. Lastly, that here in India, the field is so vast that no one bank that now exists, or is ever likely to exist, can cover one tithe of the area, or render that currency a reality, over more than a very limited jurisdiction. It follows, it seems to me, that if the Government really desire a safe and adequate extension throughout the empire of a Paper Currency, if they are willing to sacrifice a present petty gain and doubtful good to the interests of commerce, and the future certain prosperity of their people, they will, at once, and for ever, abandon the idea of a State issue, and leave the great desideratum of a Paper Currency to be provided, gradually (as required, and to *any* extent to which it may be required), by private enterprise, under certain legitimate general restrictions.

26.—I have only to add that, if the Government still hesitate to apply to banking those principles of free trade, which are, in other branches of enterprize, now generally accepted as laws that cannot be infringed with impunity; if they adhere to their present system of a State issue circulated through privileged institutions; they are, at any rate, bound to see that these latter are adequate to the performance of the work required of them, and that commerce is not stunted, or withered, because the one engine they choose to make use of has not a tenth of the power required. If they *will* virtually confer a monopoly of issue within a certain jurisdiction, on a single institution, they must take care that such jurisdiction is no larger than the bank's capital can thoroughly work, and they will no more think of working the whole Paper Currency of the richest and busiest half of India through the one Bank of Bengal than the British Legislature would of conferring on the Poplar, or Radcliff Highway Gas Works, a monopoly for the supply of the whole metropolis.

ABSTRACT Translation of the Tehsildars' replies to the queries anent the Currency Notes.

No.	Etawah.	Bhertenan.	Bidhoonah.	Dulleinugger.	Phappoond.
1	Notes are not readily received and paid away by the Native community at their full value in private monetary transactions for the following reasons :—	Not current in this pergunnah, but the following is the opinion of the persons acquainted with the system :—	Not current in this pergunnah on account of there being no opulent mahajuns.	Not current in this pergunnah.	Not current in this pergunnah.
	1*st*. Because the system is held to be likely to affect the currency of hoondees, which the mahajuns would not prefer.	Notes are not readily received and paid away by the Native community at full value. They are not used in private monetary transactions.			
	2*nd*. On account of there being a fear of the loss of a currency note, whereas a duplicate or copy of a hoondee can be easily replaced.				
2	As the notes are not yet current in this city, I cannot say anything on this head.	As Etawah.	As Etawah.	As Etawah.	As Etawah.
3 & 4	The notes are not yet current in this pergunnah, but if some discount, say 2 per cent., be allowed, and at the same time the tehsilders also be directed to pay the amount of notes *in cash* at once on demand, the system would soon attain stability. There would, however, not be a sufficient guarantee against the commission of forgery, and provision should be made to check it.	If the notes be received at the treasuries for land revenue, the system is likely to work well.	Notes not yet current in this pergunnah.	I annot say any thing on this head, relative to sudder treasury.	To be answered by the treasury officers.
5	Considers the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and recommends its being retained.	I cannot say any thing on this head, there being no wealthy mahajuns in this pergunnah.	I cannot say any thing on this head, there being no wealthy mahajuns in this pergunnah.	I cannot say any thing on this head.	Considers the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and recommends its being retained. It is, however, so far objectionable that the note of one circle cannot be cashed or exchanged in another; for instance, a note of the Bombay Presidency cannot be exchanged in Calcutta, which is a source of great inconvenience. Recommends one universal note for all India, convertible at all the treasuries. This would tend to save much time and trouble;

No.	Etawah.	Bhertenan.	Bidhoonah.	Dullelnugger.	Phappoond.
					also proposes the circles being confined to the number of the divisions of the Commissioners of Revenue, but in that case it would give rise to much extra work and expense. It would be far preferable to have only one head office, and the notes convertible at all the treasuries.
6 & 7	Already answered above. The points mooted herein and the above two questions are not of a nature to impede the progress in the introduction of the Paper Currency.	6. I cannot say any thing on this head, there being no wealthy mahajuns in this pergunnah.	6 & 7. I cannot say any thing on this head, there being no wealthy mahajuns in this pergunnah.	6. If the notes be convertible at all the treasuries, so much the better.	6. As above.
	When people will find that the currency notes are readily cashed and received for land revenue at the Government treasuries, and a notice issued to this effect, the system would doubtless work well.	7. Recommends one universal note for all India.		7. Recommends the payment of a reasonable amount of premium as on hoondees.	7. Recommends one universal note for all India. *Vide* answer 5.
8 & 9	Proposes a note of the value of Rs. 5, because it would secure a larger currency than notes of a higher value.	8 & 9. If received as land revenue, the 5-rupee notes would be of much importance to the cultivators, and, therefore, likely to obtain large currency.	8 & 9. There can be no objection to the introduction of 5-rupee notes. There would be a large demand for notes of small value, and by degrees people when accustomed would take notes of higher value.	8. 5-rupee notes are likely to obtain larger currency in small towns than in large cities; if some discount be allowed, it would give an impulse to the progress of the currency.	8. A great facility would be afforded by the introduction of 5-rupee notes, and it would tend to obviate the necessity of small cash remittances.
				9. If notes of all descriptions were issued, it would secure a wider currency. There would also be a demand for 5-rupee ones.	9. Notes of small value are likely to obtain larger currency on account of their being used by the majority of the native community.
10	At present notes are not used much by shroffs and Native bankers for purposes of remittance.	10. Notes are not much used by shroffs and Native bankers for purposes of remittance for the following reasons:— *1st.* On account of their not being sold at a discount. *2nd.* In a distant country security is demanded.	10. Notes are not yet current in this pergunnah on account of there being no wealthy mahajuns.	10. Notes not yet current in this pergunnah.	10. Notes not yet current in this pergunnah, but on the system being permanently established, there would be no objection to the notes being used for purposes of remittance.
11	As above.	11. Yes; Native bankers do exact discount in all cases of cashing notes.	11. As above.	11. As above.	11. Notes are not yet current in this pergunnah; I cannot say anything about the discount.

					There should not be any discount; inasmuch as in the event of the notes obtaining large currency, the Silver Currency would also be held liable to discount. If both silver and notes are current, there would be no occasion for a discount.
12	Ditto.	12. No such system in this pergunnah. It is not, however, apparent if the bankers are not allowed to charge discount, what would be their gain in purchasing the notes.	12. Ditto.	12. Ditto.	12. In the event of cash being obtainable only at Calcutta, the sahookars, in consideration of their trouble in sending the notes to Calcutta for encashment and their responsibility, would naturally charge some discount. There would be great inconvenience in the introduction of the system, inasmuch as when the collector would not pay cash for notes presented at the treasury, the Native bankers would also have objection to them.
13	Ditto.	13. On account of there being no such rewaj or currency in India, the shroffs and Native bankers do not prefer the notes to hoondees for purposes of remittances. In the event of loss or miscarriage, the amount of hoondees can be easily recovered, which is not the case with notes.	13. In the event of the Paper Currency being made general, it is probable that people would prefer notes to cash, and take them out for mercantile business without any risk of loss.	13. The shroffs and sahookars are not yet accustomed to notes; they, therefore, do not prefer them to hoondees.	13. The shroffs and sahookars do not prefer the notes to hoondees.
14	The following point cannot be satisfactorily determined without the experience of, at least, two or three years:— That whether the silver reserve in the tehseelee would be sufficient or not to meet the demand when a large number of currency notes are presented for cash. In the event of the reserve running very low, application would at once be made to the sudder treasury for re-enforcing it.	14. This question relates to the sudder treasury.	14. This question relates to the sudder treasury.	14. This question relates to the sudder treasury.	14. This question relates to the sudder treasury; but in the event of the reserve running short, an application would at once be made to the Agra or Allahabad Treasury for strengthening it.
15		15. Ditto ditto.	15. Ditto ditto.	15. Ditto ditto.	15. Ditto ditto.
16		16. Ditto ditto.	16. Ditto ditto.	16. Ditto ditto.	16. Ditto ditto.

No.	Etawah.	Bhertenan.	Bidhoonah.	Dullelnugger.	Phappoond.
17		17. None knows the value of the gold coins alluded to in the above three questions. There are, however, three descriptions of "usherfees," *viz.*:— Value. Tereekul from .. Rs. 19 to 20 Chehragshahee . „ 15 Tikka Seebeeshahee „ 10	17. The value of the English gold mohur is Rs. 14-9.	17. The value of the English gold mohur is Rs. 14-10.	17. The value of the English gold mohur is Rs. 15, or Rs. 15-1.
18 to 21	There are three descriptions of English gold coins, *viz*:— Value when purchased by mahajuns. Rs. A. P. / Value when sold by mahajuns. Rs. A. P. Gold Mohur 14 14 0 / 15 0 0 „ 10 3 0 / 10 5 0 „ 5 1 6 / 5 2 6 Of late, the rate appears to have been increased by 4 annas, probably on account of the closing of the Mint at Calcutta.	18. } Value not known. 19. } 20. The above-mentioned coins do not always bear a higher value in Mofussil bazars than in the Presidency towns on account of there being no large demand in the former. 21. Ditto ditto.	18. } Value not known. 19. } 20. The English gold mohur is valued at Rs. 14-12. The Jeypore and Mohumedshahee usherfees have preference to the former. 21. No demand.	18. } Value not known. 19. } 20. 21. The rate depends on the extent of demand.	18. } Value not known. 19. } 20. The question cannot be answered in a satisfactory manner, for, with the exception of Calcutta, the gold mohurs above referred to are very rarely used. 21. As above.
22	People are not fond of gold for the purpose of hoarding and circulation for the following reasons:— 1*st*. On account of the rates being fluctuating. 2*nd*. Because silver is used in daily expenses. 3*rd*. In Mofussil and small townships, people are more fond of silver than of gold. 4*th*. On account of the gold mohurs not being pure in every instance.	22. People are not fond of gold, because it yields but little profit on circulation.	22. People are very little fond of gold, for it yields but little profit on circulation. No one takes the gold mohurs for the purpose of hoarding. People stand in need of gold only for the purpose of making ornaments, or wearing the gold mohurs.	22. Gold mohurs are not used in circulation, or for the purpose of hoarding for fear of their proving counterfeit.	22. People are not fond of gold on account of the rate being fluctuating; only such people as are opulent enough to lay money under ground are fond of it. There are, however, very few persons of this class.
23	The natives would like a Gold Currency.	23. The natives would prefer the Gold Currency in the event of its being *pure* gold.	23. When the gold is pure, it is generally used in making ornaments. In all other respects, silver is preferable.	23. People are not fond of gold for fear of the coin proving counterfeit; also on account of there being comparatively but little risk in silver, and people know very little of gold mohurs, and the method of testing their purity.	23. People are not fond of gold, for its bulk is little, while its value is great. It is also rather difficult to take care of it.

24		24. Gold coins of Rs. 15, 10, and 5 are likely to find more favor in the eyes of the Natives than notes of like value.	24. Gold coins are likely to find more favor in the eyes of the Natives than notes of like value. Gold coins of small value are, however, objectionable on account of their being liable to *batta*. Gold mohurs of the value of Rs. 15 are, however, far more preferable.	24. Gold coins of Rs. 15, 10, and 5 are likely to find more favor in the eyes of the Natives than notes of like value.	24. Gold coins of Rs. 15, 10, and 5 are likely to find more favor in the eyes of the Natives than notes of like value.
25	A Gold Currency would not help the establishment of the Paper Currency, inasmuch as the notes cannot obtain large currency until the people are accustomed to them.	25. In the event of the currency notes being ordered to be received at the treasuries on account of land rent, and the system obtaining permanence, gold would be required only for hoarding, and the notes for daily monetary transactions.	25. I cannot say anything on this head.	25. The introduction of the system depends mainly on the authorities.	25. Gold would not help the establishment of a Paper Currency, because, in the event of the gold not obtaining general currency, all monetary transactions will be carried on by means of Paper Currency. In the event of gold securing currency, there will be no demand for notes.
26	Yes; a Gold Currency would tend to assist the out-lying treasuries in ensuring the convertibility of the note.	26. In the event of there being one uniform system for all India, the Gold Currency would tend to assist the out-lying treasuries in ensuring the convertibility of the note.	26. Yes; a Gold Currency would assist the out-lying treasuries in ensuring the convertibility of the note.	26. Relates to the sudder treasury.	26. Yes; a Gold Currency would assist the out-lying treasuries in ensuring the convertibility of the note.
27	The shroffs prefer silver and gold to Paper Currency.	27. At present, the shroffs prefer silver and gold; but when the Paper Currency system is generally introduced, and the notes received at the treasury as land revenue, they would not find the Paper Currency disagreeable.	27. Not applicable to this pergunnah.	27. There can be no objection to the Silver and Paper Currency, nor can there be any for silver, gold, and paper.	27. The shroffs and merchants prefer the silver and gold, to silver, gold, and Paper Currency. In comparison with gold, the notes are not preferable.
28	The bar gold, or, as it is commonly called "panna," is very scarcely to be had in this city; only two bankers have got only 15 or 16 in number.	28. The bar gold does not circulate in this pergunnah.	28. The bar gold does not circulate in this pergunnah.	28. The bar gold does not circulate in this pergunnah. There is demand only for *red* gold, but not for yellow. To ensure its purity, people put it into fire and bore it.	28. The bar gold does not circulate in this pergunnah. It is, however, tested by means of a "kussowtee" and tao or fire.
29	Yes; Native gold mohurs are much more used as means of currency than English gold coins.	29. Native gold mohurs are much used as means of currency on account of their gold being considered pure.	29. Native gold mohurs are much used for wearing and making ornaments.	29. Native gold mohurs are much more used for making ornaments than the English gold coins.	29. Native gold mohurs are much more used for making ornaments than the English gold coins.

No.	Etawah.	Bhertenan.	Bidhoonah.	Dullelnugger.	Phappoond.
30	The following are the names of gold mohurs :— Moorsdabadee, Sun 19. Jeypore old. " new. Mohumedshahee. Akbaree. The English gold mohurs are first in currency. The Jeypore gold mohurs are second in currency. Moorshedabadee third in currency.	30. The following are the names of gold mohurs :— Jharshahee. Jeypore. Muchleeshahee. Lucknow. Pootleeshahee. Mohumedshahee. Government gold mohur (Kuldar). Chuhragshahee. Beebeeshahee.	30. The following are the names of gold mohurs :— Jeypoor. Mohumedshahee. Kuldar. Furruckabad. Delhi. Moorshedabadee.	30. The following are the names of gold mohurs :— Value. Rs. A. Delhi and Jeypore ... 16 2 The rates are fluctuating.	30. The following are the names of native gold mohurs :— Jeypore. Patna. Jodhpoor. Hyderabad. Katah. Lucknow. Boondee. Bhopal. Bhurtpoor. Chandaree. Ulwar. Neerwar. Beekaneer. Soorutt. Delhi. Furruckabadee. Gwalior. Tippooshahee. Moorshedabadee. Rampoor.
31	The gold mohurs do not pass for intrinsic value, the rates are fluctuating— Sometimes 4 annas less. Ditto 4 " more. The native gold mohurs are as follows :—	31. The gold mohurs pass for intrinsic value. The English gold mohurs fetch 1 rupee less on account of their gold not being considered pure.	31. The gold mohurs pass for intrinsic value at a batta of 2 or 3 annas.	31. The gold mohurs do not pass for intrinsic value, but at some batta the amount of which depends on the market rates.	31. The gold mohurs pass at *some* batta.
32		32. At a batta of 8 annas.	32. At a batta of 2 annas, and sometimes 4 annas.	32. According to their respective denominations.	32. According to their respective denominations.

Name.	Value when purchased by mahajuns	Value when sold by mahajuns.	Actual value.
	Rs A.	Rs. A.	Rs. A.
Moorshedabadee	19 12	20 0	20 0
Jeypore, old	16 0	16 0	16 4
" new	15 12	16 0	16 0

From the Assistant Commissioner, Ferozepore,—dated the 13th March 1866.

I have the honor to submit my replies to the questions contained in your Circular dated 16th February 1866.

No. 1.—Currency notes are readily received and paid away by the Native community, but a slight discount is usually demanded.

No. 2.—The chief reason for their depreciation is, because they are not convertible on demand at all treasuries; the rate of discount fluctuates, but the maximum is 4 annas per cent.

No. 3.—The regulations issued in this province on the subject of cashing currency notes leave the matter almost entirely to the discretion of the treasury officer, who is authorized to cash notes for small sums as an accommodation to travellers and private parties; but it is not usual to cash notes for large amounts, except for public purposes. Notes are always given in exchange for silver, if a sufficient quantity of the denomination required are on hand.

No. 4.—These facilities are not sufficient to prevent the depreciation of currency notes. They might be increased by rendering the notes convertible on demand at more places; but then it would be necessary to adopt some plan by which the treasuries at such places might be more readily replenished, when their silver reserve ran low through the number of notes presented for cash.

Nos. 5, 6, and 7.—The chief objection to the system of circles, with a separate note for each circle, is the difficulty experienced by travellers and those who have occasion to remit money in getting their notes cashed in a different circle, and the consequent depreciation of the notes of other circles. But this very depreciation is a cause of increasing the circulation among many classes of Natives, such as bankers, who, regarding a Paper Currency as a subject for speculation rather than an institution, having for its object the public convenience, would even prefer to have the present number of circles with separate notes considerably increased, hoping to derive a profitable business by buying up the notes of other circles at a discount, and sending them where they could be cashed for their full value. But, considering the subject with regard to the general convenience of the public, I would propose to have one universal note for all India, which should be convertible on demand at all first class treasuries, and this, I believe, to be the plan which the majority of Natives would prefer.

Nos. 8 and 9.—I think the introduction of a note of the value of 5 rupees would be a decided boon to the lower classes of Natives, and would have a larger circulation than any denomination of note has at present, as it would be made use of by numbers, through whose hands now notes seldom or never pass.

No. 10.—Yes; especially when there is any profit to be made by remitting notes, as when a banker, at a place where notes are at a discount, has occasion to remit money to a place where they are convertible on demand.

No. 11.—Not always. When a banker wishes to remit money to any place and cannot obtain a hoondee, except at a premium, he will often buy notes at their full value.

No. 12.—Yes; whenever the rate of discount makes it worth their while.

No. 13.—It entirely depends upon which is the more profitable mode of remittance, and this varies with the rate of discount and the price of hoondees.

No. 14.—The case supposed can scarcely happen under the present system, according to which notes are only cashed for small amounts; but if, by any chance, my silver reserve ran low I should first apply to the Accountant General, Lahore, and should probably receive a remittance from Loodiana, Umballa, Hissar, or Delhi.

No. 15.—It has on one or two occasions.

No. 16—Delay has arisen in complying with my indents on account of the supply of notes of the required denominations having run short at the head quarters of the circle.

No. 17.—Rs. 15.

No. 18.—The English sovereign is scarce. Its value fluctuates from Rs. 10 to Rs. 10-2.

No. 19.—The Australian sovereign is unknown here.

Nos. 20 and 21.—Yes, because scarcer.

Nos. 22 and 23.—The Natives would like a Gold Currency, not so much for the sake of hoarding as for converting into ornaments and deriving a profit from exchanging it.

No. 24.—For the reasons mentioned in the last paragraph, the common people would prefer gold coins of the value of Rs. 15, 10, and 5, whilst bankers would prefer notes of the same denominations on account of the opportunities that would be afforded them of speculating, as explained above.

No. 25.—I am unable to see how a Gold Currency would help the establishment of a Paper Currency.

No. 26.—It might assist in this way, that when the cash balance of a treasury ran low, it would be easier to remit gold than an equal value of silver, as the former metal would be lighter to carry and would occupy less space.

No. 27.—They would like a currency consisting of silver, gold, and paper.

No. 28.—Bar gold does not circulate in this neighbourhood.

No. 29.—They are scarce.

No. 30.—Ashrafi, Sirkari, Jeypore, Kuldar, Puttiala, Delhi, Nanukshahee, Akbaree, Puth Atmasha, Bekaneer, and others.

No. 31.—Their value fluctuates according to the supply and demand.

No. 32.—And also according to their respective denominations, and the Native States from which they proceed, those of some States being of purer gold than those of others.

From the Deputy Collector in charge, Furreedpore,—dated the 7th March 1866.

With reference to your Circular dated 16th February 1866, I have the honor to send to you replies to the queries therein embodied. Not to take up your time unnecessarily with discussion of abstract principles, I have tried to render my answers as short as possible.

No. 1.—Except in towns and cities, Government currency notes are not readily received and paid away at their full value in private money transactions.

No. 2.—The reason for their depreciation is, that they cannot be easily converted into cash. The average rate of discount is never more than 1 per cent., except in the case of small notes, which occasionally are discounted at a higher discount, never more than 2 per cent., I should think.

No. 3.—None that I am aware of. Currency notes are readily received in exchange for silver. But the supply of notes is so limited, I might say *nil*, from the head office in Calcutta, that they cannot always supply notes for silver.

No. 4.—I would recommend an increased supply of notes to the treasuries.

No. 5.—The present arrangement is not well calculated to promote the circulation of notes. As a rule, the greater the restrictions for converting paper into silver, the greater the depreciation of currency. A man travelling with notes, which do not circulate all over the country, is just like one who has shillings or dollars in his pocket. I would not retain the present arrangement of circles.

No. 6.—Increasing the number of circles would only lessen the difficulties of converting notes into money, but would not remove them entirely. I would recommend the circulation of notes without restriction of circles.

No. 7.—I would recommend one universal note for all India, convertible at all treasuries. According to principles of political economy, a Paper Currency cannot but depreciate, unless it is convertible without restrictions. Suspicious as the Natives of the country are, they would look upon all notes with distrust if they are not cashed in all the Government treasuries, thinking in their own way that, if the Government that issued these notes had not the fullest confidence in them, how could they be expected to have confidence?

Nos. 8 and 9.—Yes. The reason is that, in small monetary transactions, which, I believe, are the largest number, a 5-rupee note would be of greater use than a larger one.

No. 10.—Yes; this is the only use made not only by shroffs and Native bankers, but by the majority of natives who have anything to do with notes.

No. 11.—They do not always exact discount in cashing notes. If they require them for remittances, then they receive them at par, otherwise they charge *batta*.

No. 12.—No.

No. 13.—Yes, they do where there is a premium to pay; but in some instances, they receive a premium to draw hoondees, and in this case they prefer hoondees. But this is almost an exceptional case.

No. 14.—Such a case has not yet occurred here. I think, according to the present rules, we are not bound to cash every note presented to us for the purpose.

No. 15.—Yes, to a very large extent.

No. 16.—The reason assigned was that no currency notes could be supplied, except for making remittance, which there was hardly any need for, so far as the treasury is concerned.

No. 17.—The Government gold mohur is sold for Rs. 15-8 in the bazar.

No. 18.—The English sovereign is sold at Rs. 9-8 and Rs. 9-12.

No. 19.—Australian sovereign at the same value.

No. 20.—Yes, something more, but never more than 8 annas a piece.

No. 21.—It is no other than what raises the value of gold in the Mofussil. Those who purchase these coins must make a profit.

No. 22.—Yes, for hoarding, though not for circulation.

No. 23.—Undoubtedly they would.

No. 24.—Yes, much more so.

No. 25.—I do not think it would. I think a Gold Currency would, to some extent, supersede Paper Currency.

No. 26.—I do not think it would.

No. 27.—Shroffs and dealers would prefer Silver and Gold Currency, supplemented with paper.

No. 28.—No.

No. 29.—No.

No. 30.—Company's gold mohurs, the *Hal Purana* and the *Purana* gold mohurs of the Moorshedabad Mint, the Arcot, Jeyporee, and Sekendari mohurs.

No. 31.—All these pass for intrinsic value according to the purity of gold.

No. 32.—Except the *Hal Purana* and *Purana*, none of them bear an artificial value. These two are sold at a little more than the value of the gold,—the former at Rs. 18, and the latter at Rs. 21.

From the Officiating Collector, Furreedpore,—dated the 9th March 1866.

I have the honor to submit the answers to the questions forwarded by your Circular dated 16th February 1866. I have endeavoured to ascertain the feelings of the Native community on the subject. I may add, however, that as this is a very small place, with little or no trade, the opinions expressed by the few small dealers there are may not accurately represent the feelings of the class at large.

No. 1.—Currency notes are rarely, if ever, made use of here in private monetary transactions.

No. 2.—The natives here have a prejudice against using currency notes, and except for the purposes of transmission, rarely obtain possession of them. Currency notes cannot be hoarded in this climate without risk of loss from damp, and besides this, coin seems a much more tangible possession, having an intrinsic value, which nothing can destroy. The rate of discount is from 1 to 2 per cent.

No. 3.—Silver is always given in exchange for notes, but notes cannot always be given in exchange for silver, owing to the very limited supply kept in the treasury. No restriction is placed on the exchange, except occasional inability to give notes for silver.

No. 4.—The facilities are not sufficient, for, as stated above, the notes in store here are not sufficiently numerous to meet the demand for them: this could only be obviated by indents for notes being generally complied with.

Nos. 5, 6 and 7.—I do not consider that the present arrangement of circles is calculated to promote the reception of a Paper Currency. As a rule, it will be found that the smaller the circle within which particular notes are current, the greater will be the depreciation of the notes, and the less will they be used by the Natives. The present system of circles is, in fact, a restriction on converting notes into silver. At present, notes are used to a great extent for remitting money. To be useful for that purpose, it is, of course, important that the notes should be convertible anywhere in India; any restriction, therefore, on such conversion is a restriction on the currency and use of notes. To make notes thoroughly useful and appreciated by the Natives, they should be restricted to no circle whatever, but should be convertible into silver at any treasury in India. To effect this, of course, it would be necessary to issue one universal note for all India, convertible at any local treasury.

No. 8.—I consider that the issue of a note of the value of Rs. 5 would be advantageous, though such small notes might not at first acquire so large a circulation as I am quite sure they eventually would. Natives, it is true, do not at present make much use of notes, except for the purpose of remitting money, and for this purpose, notes of small value are not of much use. It will not be long, however, I hope, before the Natives will learn that there is no fear of any sudden depreciation in the value of paper money, and when once notes come to be generally used in private monetary transactions, notes of small value will be largely circulated, for such transactions are generally for very small amounts.

No. 9.—The circulation of these small notes would eventually be larger than that of notes of higher value, for, as shown above, notes being now principally used merely for the purposes of remittance, the ones of higher value are the more useful and necessary.

No. 10.—Notes are used to a considerable extent for the purposes of remittance.

No. 11.—Discount is generally exacted in cashing notes, unless, indeed, they happen to be required for remitting money elsewhere, in which case they are cashed for their full value.

No. 12.—No.

No. 13.—Notes are preferred, because, generally, some premium is charged in granting a hoondee.

No. 14.—Such a contingency has never occurred. Should it ever occur, however, Dacca would undoubtedly be the most convenient treasury to apply to, the communication being by means of boat.

No. 15.—Yes, to a trifling extent.

No. 16.—The reason given for not complying with our indent was, that our cash balance was sufficiently large.

No. 17.—The Government gold mohur is sold for Rs. 15-8.

No. 18.—The English sovereign for Rs. 9-8, or Rs. 9-12.

No. 19.—Australian, same as the English.

Nos. 20 and 21.—I do not know what value these coins bear in the Presidency towns.

No. 22.—The people are fond of gold for the purposes of hoarding, but not for circulation.

No. 23.—The Natives would undoubtedly like a Gold Currency, because they are very fond of hoarding up their money, and like keeping what money they save, either hidden under ground, or in the shape of gold and silver ornaments on the members of their families.

No. 24.—The Natives would prefer gold to paper as losing nothing of its value by keeping, being indestructible, and being more easily convertible into jewellery.

No. 25.—Gold might eventually be useful in supporting the Paper Currency. It will be some time, however, I fear, before the foolish prejudice against notes entirely dies out.

No. 26.—No; I do not think it would.

No. 27.—The preference would be given, I think, to a Silver and Gold Currency supplemented with paper, in which case the silver and gold would circulate freely,—the paper being generally reserved for the purpose of remittance.

No. 28.—No.

No. 29.—No.

No. 30.—Though not used as currency, the names of the gold mohurs procurable in the bazar are as follows:—Company's gold mohurs, Hal Purana and Purana gold mohurs of the Moorshedabad Mint, the Arcot Jeyporee, and Sekondari mohurs.

Nos. 31 and 32.—They pass for intrinsic value, except the Hal Purana and Purana gold mohurs of the Moorshedabad Mint, which are sold at a little more than the value of the gold contained in them: the reason for this I have been unable to ascertain.

From the Officiating Deputy Collector, Furruckabad,—dated the 27th February 1866.

I have the honor to acknowledge the receipt of your Circular dated 16th instant (on the 23rd idem), and in compliance with the request therein conveyed, beg to append my replies to the several questions put by you for the information of the Commission.

No. 1.—Government currency notes are not readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—The reason for their depreciation is, that their usefulness is not understood, and consequently their value is not appreciated in their estimation. Their rates of discount vary according to the exchange market of the day, and are generally higher than the hoondees, owing to the additional risk and trouble they are subject to, to get them safely conveyed from place to place and exchanged for silver at the head office of issue.

No. 3.—Government currency notes are readily exchanged for silver by the officers in charge of Government treasuries, unless they are demanded by traders for remittances to Calcutta; but they are not generally taken in for silver, except to a certain extent from persons when travelling.

No. 4.—These facilities are not sufficient for extending their circulation, which can be only effected by their free admission everywhere for silver and silver for notes, without the least restriction, and which appears to me will afford ample opportunity to the Native community to learn their use and appreciate the boon at their command.

No. 5.—I do not consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and I would not retain it for the simple reason that it is out of the reach of many to get them converted into silver, without sacrifice of an unproportionate sum of discount, which paralyses confidence for their reception, and very much defeats the object of their circulation.

No. 6.—I would propose an increase in the number of circles (still retaining the plan of a separate note for each circle) to the extent of one in each large city, at the head quarters of the Revenue Commissioner, and in special cases two or more within one division of the Commissioner in places where there is extensive monetary transactions; but I would rather have the present number of main circles, and establish offices of sub-issue at the chief local treasuries within each circle, where the note should be convertible on demand as at the head office of issue of the circle.

No. 7.—I would not prefer the plan of having one universal note for all India, to be convertible only at the Presidency towns and at certain special treasuries, as I anticipate much harassment to the community residing at a distance from the Presidency town (even to those who know their use and capable to appreciate the advantages they afford), is likely to come in their way, when they happen to lose them, in stopping payment, detecting unlawful possession, exchanging for silver, and distinguishing forged ones from the genuine by the ignorant public. This will no doubt retard their purposes than result with any advantage. I would, therefore, recommend one description of note for each Presidency or circle, readily distinguishable from each other, and the establishment of offices of sub-issue more extensive than at present, with the view to afford ready means to convert the note for cash and to make it legal tender, which appears to me will not only give confidence and liking to natives in place of aversion, but will enhance its circulation greatly.

No. 8.—I would propose a note of the value of Rs. 5 on ground of convenience to the public.

No. 9.—I am of opinion that the 5-rupee notes would have a larger currency than notes of a greater value, because they will enable men to carry about notes in place of silver in the course of their ordinary business, and to reduce risk and inconvenience which otherwise they would be subject to; besides, they are likely to promote confidence in the eyes of the poorer people, who have rare opportunities to deal in larger sums, and as the object is to make ignorant people learn their use and enhance circulation which, I think, will be fully manifested.

No. 10.—They are used much by the shroffs and Native bankers if they can get them in abundance to meet their demand, for the purpose of remittances when the exchange market is high above the level, and money gets tight in the Presidency towns.

No. 11 —It is the practice of the shroffs and Native bankers to exact discount in all cases of cashing notes, for they cannot convert them into silver without incurring risk of loss in transit and losing interest for the time.

No. 12.—The shroffs and Native bankers do buy up the notes at a discount for the purpose of remittances, and send them to the head quarters of circle for encashment for profit and convenience.

No. 13.—The shroffs and Native bankers do not generally prefer the note to the hoondee for purpose of remittance, but for convenience and profit of exchange rates.

No. 14.—If the silver reserve runs very low, owing to a large number of currency notes being presented for cash, I can reinforce by conveying it, by the only means available to me, by country hackeries drawn by bullocks from the nearest treasuries; but I must apply to the Accountant General at Allahabad before I can do so, and if he sees the nearest treasuries,

are incapable to meet the requirement, then I must wait till he orders a remittance from any other distant treasury, and in which case it must be conveyed partly by rail and partly by road

No 15 —It has never been the case that this treasury was unable to meet the public demand for Paper Currency in consequence of my indents for notes not having been complied with, but I often refused their issue to the shroffs, Native bankers and others, when it was made known to me that they applied for them for remittance to Calcutta

No 16 —My stock of notes has never been unequal to public demand, hence I have had no occasion to assign any reason for refusal

No 17 —The average value Government gold mohurs bear in the bazars in my neighbourhood is from Rs 14-12 to 15-4

No 18 —The average value English sovereigns bear in the bazars in my neighbourhood is from Rs 10 to Rs. 10 8

No 19 —The average value Australian sovereigns bear in the bazars in my neighbourhood is Rs 10 to 10 8

No 20 —I have ascertained that the coins above-mentioned bear a higher value in Mofussil bazars than in the Presidency towns

No 21 —The cause of it is that additional charges for transit are incurred to convey them up-country, and they are reduced into gold bars for reserve, or themselves held as a reserve by Natives of substance

No 22 —The people are fond of gold for the purpose of hoarding, but not for circulation. The shroffs buy for profit and reserve

No 23 —The general Native public like a Gold Currency, but not the shroffs or Native bankers, as they will lose thereby the trade in gold altogether

No 24 —Gold coins of Rs 15, 10, and 5 are likely to find more favor in their eyes than notes of like value

No 25 —Gold Currency might, to a certain extent only, help the establishment of a Paper Currency—gold being held as a reserve by traders and others, and the notes passing from hand to hand for circulation, when people become accustomed to them.

No 26 —The Gold Currency would assist the outlying treasuries in ensuring the convertibility of the notes, as it will provide easy means to reinforce their reserve

No 27 —The opinion of large shroffs and dealers on currency is, that they prefer Silver Currency *alone*, next to it silver and paper, in case the latter is convertible by easy means, but not silver, gold, and paper

No 28 —Gold bars do circulate in this neighbourhood Their purity is tested by making a piece red hot, and when cooled by examining it on touch-stone

No 29 —Native gold mohurs are not much used by Natives as means of currency in this neighbourhood They are not to be had in abundance

No 30 —The names of gold mohurs are,—Moorshedabadee Kuldur, Jeypore, Lucknow, Delhi Furruckabad

No 31 —They pass for intrinsic value

No 32 —They do not bear an artificial value according to their respective denominations But gold mohurs of Moorshedabad Jeypore, and Delhi, being celebrated for their purity are generally valued at certain denominated rates as follows —

Moorshedabad gold mohurs		Rs	19	8
Jeypore	ditto	„	16	2
Delhi	ditto	„	16	0

From the Collector of Furruckabad,—dated the 11th April 1866.

I have the honor to submit replies to the several questions on the subject of Paper Currency, contained in the Circular of the 6th February last.

No. 1.—Notes are not readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—The reason is, that they are not convertible at this treasury, and only so in Calcutta and Allahabad; they are not, therefore, used for local transactions, but taken for remittances, and for this purpose hoondees are preferred for several reasons. There is obviously less risk in sending hoondees by post, and hoondees can be obtained for any specified amount, whereas notes are in fixed sums, and in remitting by hoondees, the exchange is often in favor of the remitter, and hence an advantage in making use of hoondees rather than notes. The value of the currency notes to the community here depends, therefore, on their use for purposes of remittances to Calcutta and Allahabad, and their value rises and falls, in consequence, with the rate of exchange on those places, more especially on Calcutta, as having the largest trade. When the exchange on Calcutta is much against the remitter, the notes pass at par; at present they are at a discount of 1 to 2 per cent.

No. 3.—Currency notes are given readily in exchange for silver, unless demanded for remittances for trading purposes to Calcutta, and they are received at the treasury from travellers, and silver given in exchange.

No. 4.—To make them useful for local transactions, they should be always convertible at the treasury.

Nos. 5, 6, and 7.—I would prefer the plan of one universal note for all India, or, at least, one note for each Presidency, and convertible at certain specified treasuries. I think this plan would generally be acceptable, as being simple and intelligible, but to obtain the confidence of the Natives, the more treasuries at which notes are convertible the better. The system would probably interfere with the exchange trade, as the notes might be used for purposes of remittances advantageously, but, I think, the people would generally appreciate the benefit.

Nos. 8 and 9.—I prefer the 5-rupee note as more useful for small monetary transactions, and likely to have a larger circulation, as the object of a note circulation is, I believe, for local purposes rather than for remittances, and the mass of local transactions is for small amounts. I think the smaller the value of the note, the better would the object of a note circulation be gained.

No. 10.—Not much. Notes are used for purposes of remittances only when the exchange is so much against the remitter as to make it profitable.

No. 11.—As a rule, discount is exacted by shroffs and Native bankers in cases of cashing notes.

No. 12.—This is occasionally done.

No. 13.—The shroffs and Native bankers do not prefer the note to hoondees; the latter have many advantages; 1*st*, there is less risk in transit; 2*nd*, exchange may be favorable; 3*rd*, it is the custom of shroffs amongst themselves to allow interest on hoondees until cashed.

No. 14.—The nearest treasuries to this are those of Shajehanpore, Mynpoorie, Etawah, Cawnpore, distant, respectively, 40, 45, 63, and 86 miles; these are connected by good roads.

Nos. 15 and 16.—Our indents for notes have always been complied with. If the treasury were always liable to a demand for notes on the part of traders for remittances to Calcutta, it would not always be able to meet the demand should the exchange be very unfavorable to remitters.

No. 17.—The average value of the gold mohur is Rs. 14-12 to Rs. 15-4.

No. 18.—The English sovereign averages in value Rs. 10 to Rs. 10-8.

No. 19.—The Australian about the same, but is valued at about 1 anna more than the English sovereign.

No. 20.—These coins bear a higher value in the Mofussil than in the Presidency towns.

No. 21.—The cause being cost of carriage and risk, and the demand being greater than the supply for hoarding and for converting into jewellery.

No. 22.—The people are fond of gold, chiefly for purposes of hoarding.

No. 23.—The people will like a Gold Currency; its immediate effect would probably be to let loose the silver now hoarded, the gold taking its place.

No. 24.—Gold coins of Rs. 15, 10, and 5 will be preferred to notes of like value.

No. 25.—I do not see how a Gold Currency would help the establishment of a Paper Currency more than the existing Silver Currency would; the one may be held in reserve as readily as the other, except for the greater bulk of silver. The question of the circulation of notes depends, I think, entirely on the confidence which the Natives have in them, and this upon their ready convertibility at the treasuries.

No. 26.—I think a Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note, as gold being less bulky would be obtained with less difficulty from other treasuries.

No. 27.—I am informed that the existing Silver Currency is preferred as a matter of habit, but intelligent persons are in favor of adding a Gold Currency; the addition of a Paper Currency is not popular.

No. 28.—Bar gold is in very moderate circulation, but there is a considerable trade in gold mohurs and sovereigns. The gold is thus tested—it is first heated, then allowed to cool, and tested on the touch-stone; the redder the streak left by its application, the purer the gold.

No. 29.—Native gold mohurs are not much used as a means of currency; they are hoarded and used for purposes of jewellery.

No. 30.—The gold mohurs are—

Moorshedabadee Kuldar.	Delhi.
Jeypore.	Furruckabad.
Lucknow.	

Nos. 31 and 32.—They pass for their intrinsic value, except the Moorshedabad and Jeypore, and Delhi mohurs, which pass for more than their intrinsic value, owing to exaggerated notions of their purity.

From the Assistant Collector in charge of the Treasury, Futtehpore,—dated the 30th April 1866

In reply to your Circular dated 16th February last, I have the honor to inform you that I have drawn up the following replies to the questions put by you after consulting the chief mahajuns and Native bankers of this district.

No. 1.—Mahajuns in their transactions with one another now receive notes at their full value and without objection, but all other Natives, except the more highly educated, are very reluctant to receive notes in lieu of cash, and when mahajuns receive notes from any one except another mahajun, they generally, if not invariably, take them only at a discount.

No. 2.—The reasons for the depreciation are various; some reasonable, and which should be removed if possible; others are attributable merely to Native prejudice. Among the former class are—

I.—The objection to come to the sudder treasury to cash the notes. Very few treasuries are near the Native part of the town, and it involves some trouble and loss of time to most Natives to get a note cashed.

II.—The apprehension most Natives have of being compelled to fee the treasurer or clerks for cashing notes. This is, no doubt, generally an unfounded apprehension where the cutcherry officials are properly looked after, but all Natives expect that it will be necessary, and it is only after actual experience that it is not, that the apprehension is removed.

III.—The fear of the note being lost or destroyed by fire, &c. Few Natives, except mahajuns, have any proper means of keeping destructible property like notes from damp, insects, &c. This is the reason I have most often heard urged by Natives to account for their reluctance to take currency notes, and it is no doubt a valid one; they are in this respect, certainly, unsuited for use in this country. The objection may be partially removed by printing them on the stoutest and most durable paper adapted to the purpose.

IV.—The inability to distinguish forged notes from genuine ones, and notes of one circle from notes of another. The former objection is, of course, applicable to currency notes everywhere, but is greatly aggravated by nearly the whole of the note being printed in a foreign language, and by the ignorance of the people and their being totally unaccustomed to this form of currency This objection can, of course, never be removed entirely, and its partial removal depends more on time and the gradual education of the people than on any measure connected with the currency. But if the notes were tri-lingual, *i. e.*, if the whole of the letter-press were in Hindustani and Hindi, as well as in English (I refer to the North-West Provinces), there is no doubt that they would be more readily received and regarded with less suspicion by that vast majority of the community who do not understand English. The latter objection—the inability to distinguish between notes of one circle and those of another—has considerable force at present, but would, of course, be entirely obviated by the abolition of the system of circles. At present, a Native receives a note from another believing it to belong to the circle in which he resides, or, of course, more often, not knowing any thing about the system of circles, he presents it for payment at his district treasury, and is greatly surprised and disgusted to find that he cannot obtain cash for it, because it belongs to another circle. If the system of circles be maintained, and the whole of the note be not printed in, at least, one Native language, the name of the circle should most certainly be printed in the Native character, so that persons not understanding English may know to what circle a note belongs before accepting it.

Among the second class of objections due merely to prejudice are—

I.—The fear that the whole system of currency notes is merely a scheme of the English Government to get all silver out of the country, and then declare the notes inconvertible. Many of the less educated Natives no doubt sincerely believe this, and it is only by showing them that notes are cashable at any place and at any time that the prejudice can be removed.

II.—The reluctance all Natives have to any innovation, and the vague suspicion and dislike with which they look on any thing not sanctioned and authenticated by all-powerful "dustoor." This prejudice is certainly not confined to Natives of India, but it is more strongly developed in them, and there is less hope of eradicating it from them than perhaps from any other race in the world, and it applies with peculiar force to their monetary transactions. Suspicious in every thing, they are doubly suspicious in any thing which affects their pecuniary interests, and a new fangled "Angrezi lote" is to a middle-aged Hindu but a very poor and flimsy substitute for the substantial bag of rupees, which was the only medium of currency known to his father, and which is the only one which he recognizes with any satisfaction himself. The most usual rate of discount, as far as I can ascertain, is in this district 2 per cent., but it is very variable, and depends chiefly on the ignorance and credulity of the person exchanging the note. I have heard, though I cannot vouch for the accuracy of the statement, that persons in Oudh are in the habit of buying up at a considerable discount notes remitted by Sepoys (serving at a distance) to their families, and then cashing them at this and the Cawnpore Treasury. It is, of course, impossible to detect

this practice when the notes are presented for payment, and even if it were detected, I presume it would be illegal to refuse payment. The pactice, no doubt, increases and perpetuates the depreciation of notes, and is, therefore, in the highest degree objectionable ; but I confess that I see no remedy for it, except to declare the taking currency notes at a discount a criminal offence, which would, no doubt, be a strong measure, and might tend to limit the circulation of the notes, and thus defeat the very object it was intended to secure.

No 3.—I cannot say what the practice at treasuries generally is, but at this treasury I am extremely careful to afford every facility for the exchange of notes for silver, and *vice versâ*, and particularly to remove the impression, very prevalent amongst Natives, that it is a favor to give cash for a note. It is but rarely that notes to a large amount are presented at any treasury, and, in my opinion, every treasury officer should cash all notes presented, unless it be absolutely impossible from the state of his cash balance. It may in some, but very rare cases, lead to inconvenience by reducing the cash balance too low, but I consider the expense and inconvenience of obtaining a remittance from another treasury if cash runs short, as trifling, compared to the fatal effect on Native confidence of refusing to cash even a single note. During the short time when notes were ordered not to be cashed at district treasuries, a most prejudicial distrust was excited amongst Natives of all classes, which has not even yet been removed. A Native, even if residing in the sudder station, is generally unwilling to go as far as the cutcherry, and if to this be added any difficulty in getting the notes cashed when he does arrive, it greatly increases his reluctance to receive them. The Accountant General's circular, No. P, dated 12th June 1864, simply laid down that notes were to be cashed at the discretion of the treasury officer, but I would allow no such discretion, for some officers, particularly Native deputy collectors, make a great favor of cashing notes, and often unnecessarily refuse to cash them. I would make it incumbent on the treasury officer to cash all notes, unless he had a balance of less than twice the amount of the notes in his treasury. The chief points to be looked to as regards giving facilities for cashing are, in my opinion,—

(1).—To make it known that all notes are to be presented to the treasurer for payment.

(2).—To impress on the treasurer the necessity for cashing notes immediately on presentation, and not postponing it till he has finished some other work, or till it suits his convenience.

(3).—To see that no delay occurs in the English office in entering the number of the note and ascertaining that it is not in the register of lost or stolen notes.

(4).—To warn persons that no fee of any kind is required for cashing notes, and to punish most severely any attempt among the officials to exact fees. It is much more important to facilitate the exchange of silver for notes than *vice versâ*, for those who tender silver and require notes are generally mahajuns or persons connected with the courts, such as vakools and agents.

No. 4.—A great part of my answer to question No. 3 applies to this question ; but I may add that I consider the great point to be to convince the Native community that they can at all times obtain cash in exchange for notes. I would, therefore, not allow the convenience of any particular treasury to stand in the way of cashing notes, but would insist on their being cashed, and direct the officer to apply for a remittance from another treasury if there has been too great a drain on his own. I should consider it a very great improvement if notes were made cashable at every tehsili, but I am not prepared to recommend this as long as notes are printed only in English, for as most tehsilders do not understand English, there would be no security against fraud or mistakes ; but if the notes were printed as I recommend, in the vernacular, side by side with the English, I see no reason why notes, at any rate up to one hundred rupees, should not be made cashable at every tehsili : the larger notes might still be cashable only at the sudder treasuries. Many officers would, no doubt,

object to this on the score of its complicating the tehsili accounts and leading to mistakes in them; but by issuing instructions to the tehsildars on the first introduction of the plan, and by a little care at the sudder office, I think this might easily be avoided. The notes are already kept at the tehsilis, to be given in exchange for silver, and are also received in payment of revenue; it would hardly cause any more trouble or labour to receive them from every one, and I am convinced that the estimation in which Natives would hold them would be much greater, and that the circulation would consequently be largely increased. It may be objected that currency notes are not intended to be, and should not be, cashable except at a few specified places: this is, no doubt, true in a highly civilized and mercantile community like England, and it may be at some future time desirable here, but it must be remembered that we have now to consider the best means of *establishing* currency notes in the confidence of the Natives, and that we have not to deal, as in England, with people who have never had any suspicion or distrust of them; after we have once succeeded in establishing them as an ordinary medium, we may, no doubt, withdraw some of these additional facilities of exchange, and approximate our system more closely to the European one.

No. 5.—I consider that the present system of circles is most prejudicial to the reception of a Paper Currency by the Natives. It, more than any thing else, shakes the confidence of the Natives as to the cashability of the notes. In the first place they understand nothing of the system, their geographical ideas are extremely limited, and they naturally argue, as I have often heard them, "it is all under one amaldari, we don't understand why a Bengal or Punjab note is not cashable here." In this district we have special opportunities of seeing how unfavorably the present system works: the inhabitants of the district are extremely fond of service, and will take service anywhere: we have sepoys in almost every regiment in the army: we have men serving under every Government in India as mohurrirs, chuprassies, private servants, &c. Since the currency notes have been in circulation, these men have begun to remit their usual payments to their families in currency notes, but some are in the Punjab, some in Bombay, some in Madras, and some in Bengal, and they each get a different note, and not one of all the notes is cashable at this treasury. I have had instances where the whole amount on which a family has been dependent for subsistence for half a year was remitted in a note of another circle, for which the receiver could certainly not get half its value, if he changed it in the bazar, and probably would not be able to cash it at all. Many of these have been cases of such hardship that I have cashed the notes at this treasury, although, according to the instructions issued, notes of other circles are only to be cashed for travellers. India, for currency purposes, is one country, and till every man who takes service at Peshawur or at Poona, at Rangoon or at Tinnivelly, can obtain there a note which he can rely on his family getting cashed in his native district, the Paper Currency will never be popular among, or much used by, the mass of the natives. To the mercantile community, the restriction of circles is even more annoying and injurious: we have cotton merchants in this district who obtain their supplies from the Punjab, the Central Provinces, and the Native States to the south-west, but if they send an Allahabad currency note to their agents in any of these places, it is useless, and they are forced to adhere to the old system of hoondees, and absolutely prohibited from using the Paper Currency. It can, therefore, be hardly wondered at that the circulation is far smaller than was expected when we take so little pains to adapt the system to the wants of those whom we expect to adopt it.

No. 6.—I certainly would not increase the present number of circles, as I consider that it would only aggravate the evil: the smaller the circles become, the greater is the hindrance to transmission of notes: had we one note for the whole of the Bengal Presidency, the limitation might not be much felt, though, even at a small treasury like this, I constantly have Bombay notes presented to be cashed; but, if under each local Government, several circles were formed, the notes would be practically useless for all purposes of transmission and as substitutes for hoondees. If it be determined to keep the present number of circles, I would

establish offices of sub-issue at every district treasury, and for a few years, until the notes become established as an ordinary medium of currency, I would make them payable on demand at every tehsili treasury, as I have stated in my answer to question No. 4.

No. 7.—I think the plan of one universal note for all India beyond question the best, and, indeed, the only one by which we shall ever succeed in establishing a Paper Currency in the confidence of the Natives. They will never really believe that a note is equally valuable with the same amount of cash, until they find that one received at any place throughout India is exchangeable at any other place without difficulty and at its full value. This can never be as long as the system of circles prevails; within any given circle, notes of all other circles always are and must be at a discount, and till notes are convertible of right at every district treasury, all notes, at least among Natives, will remain at a certain discount. To take an instance even among Europeans, persons going to the hills take a supply of notes from their distict treasury, and at Mussoorie find that the treasury officer will not cash them on the ground of having already a sufficient supply, and that the banks will only cash them at a discount. Can it be supposed that notes will in the estimation of those persons represent their nominal value in cash? It may be quite right to refuse to cash notes when the sum is so large that it has evidently been received as a commercial remittance, but I would remove all restrictions of every kind on the cashing of notes received as private remittances or presented by persons carrying notes about with them. For the present, I would, therefore, recommend the plan of having one note for all India, convertible at every district treasury, or preferably, if the notes are bi-glott, at every tehsili for the next ten years at least; after that, if the notes appeared to be thoroughly accepted by the natives, their convertibility might be restricted to the chief treasuries under each local Government; but before this can be done, the notes must be very thoroughly established in the confidence of the people, or that confidence will at once be withdrawn when they find that the notes are no longer convertible at the district treasury. The mass of Natives are extremely suspicious of some secret design of the English Government in circulating notes, and I am convinced that the only way of securing their confidence is to make the note, convertible at as many different places as possible, and to make the same notes convertible all over India. The only objection which I have heard urged against this is, that by the sudden presentation of notes to a large amount at any one treasury, Government might be put to considerable expense and inconvenience by having to remit cash from another treasury, to supply the place of that paid out for the notes. It is, of course, possible that this might occur in extreme and very rare cases, but in adapting a currency to the use of the mass of the people, we must provide for the ordinary occurrences of every day, and not be deterred from giving necessary facilities on account of exceptional abuses to which they may be liable, but which can be guarded against by special precautions adapted to meet them. I would, therefore, make the ordinaryexchange of notes for cash perfectly free and without restriction; but to guard against abuse, I would limit the amount to be exchanged by the following rules

(1).—That no one person or firm can claim as of right to change more than Rs. 2,000 worth of currency notes in one day; but notes to any amount may be exchanged at the discretion of the treasury officer.

(2).—No treasury officer shall be bound to give cash for notes unless, *after the payment*, he would have left in his treasury cash to double the amount of the notes presented for payment: thus he would not be bound to cash notes to the maximum amount (Rs. 2,000), unless he had at least Rs. 6,000 in his treasury, and I suppose that, practically, the cash balance of any treasury is never reduced so low as this. I think that with these precautions no real inconvenience can ever be caused, while the least possible restriction will be placed on the cashing of notes. As it is stated in the circular that its object is to obtain the results

of local experience, I append a statement of the average and the largest amount of notes cashed at this treasury, and the same for notes given out :—

FUTTEHPORE TREASURY.

		Rs.
Average amount of notes issued per diem (reckoning 280 working days to the year)	... ...	194
Largest amount of notes issued in any one day	...	9,430
Average amount of notes received per diem	...	52
Largest amount of notes received in any day	...	2,150

Total Number of Notes given out to Public.

	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	Grand Total.
Number	413	318	230	262	46	14	1,283
Value	4,130	6,360	11,500	26,200	23,000	14,000	85,190

Total Number of Notes received from Public.

	Rs. 10	Rs. 20	Rs. 50	Rs 100	Rs. 500	Rs. 1,000	Grand Total.
Number ...	105	103	71	69	11	4	363
Value ..	1,050	2,060	3,550	6,900	5,500	4,000	23,060

No. 8.—On the whole, I would not propose a 5-rupee note. It might be useful in some ways, but it is very seldom that so small a sum has to be transmitted by those who would be likely to use this mode of transmission, and for ordinary purposes of payment and commerce, silver is just as convenient in such small sums. I do not think that it would be much valued by the people, and it must necessarily cause a good deal of trouble and extra work in treasuries. I think it would be found, as was the case with the 1£ notes in England, that, being held by a poorer class of persons, banks and treasuries would be more liable to sudden drafts on them on account of unreasonable and temporary panics.

No. 9.—I do not think that a 5-rupee note would have so large a currency as the 10-rupee; the class to whom small notes would be, perhaps, a convenience if they used them is the very class which in India from ignorance and prejudice never could be, persuaded, to use them. It will be seen, from the above tabular statement, that it is not the 10-rupee but the 100 rupee note which is most popular in this district at least.

No. 10.—As far as I can ascertain, shroffs and Native bankers do not as yet much use notes for purposes of remittance. One reason is, that they can often transmit at a premium by using hoondees, but the great hindrance to the extensive use of notes is the present system of circles. A Native banker, when once he finds that a North-West note is not convertible at some place to which he sent it, is seldom at the pains afterwards to

ascertain in what place it is convertible, and in what not, but ceases entirely to use notes. I believe, however, that they are used to a certain extent for remittance to places where the merchant has not an agent upon whom he can draw a hoondee. For all purposes of remittance, the usefulness of a note depends upon its universal convertibility; if the convertibility be restricted within narrow limits, the use of the notes will be restricted also.

No. 11.—I believe it is universally the case, that mahajuns exact discount when cashing notes from persons presenting them, but, as a rule, they do not take discount when the notes are paid to them by other mahajuns in settling accounts or as remittances. None but mahajuns and persons who are employed by Government are yet sufficiently well acquainted with notes, or place sufficient confidence in them to estimate them at their full nominal value: all others are only too glad to exchange their notes with any mahajun who will give them cash even at an exorbitant discount: the mahajuns prey upon this ignorance, and encourage among the less educated people the belief that they cannot obtain the full value of the note anywhere.

No. 12.—As I have stated in the answer to question 2, I have heard on good authority that persons in Oudh (whether mahajuns or not, I cannot say) are in the habit of buying up notes at a discount there, and cashing them at any of the three treasuries—Allahabad, Futtehpore, and Cawnpore—where they can get them cashed. I have no doubt the practice prevails more or less in all parts of the country, for no Native would ever lose the chance of making a little money in so easy a way when he has once found it out, and the better educated people and those connected with courts and offices, are now perfectly aware that they can cash notes at full value at the office of issue, and till this knowledge is shared by all, or till it is rendered valueless by making notes convertible everywhere, those who possess it will naturally trade on it like any other valuable commodity, and take advantage of those who do not possess it.

No. 13.—No, they do not for two reasons:—

(1).—That they can often remit at a premium by hoondees.

(2).—That notes of this circle are not current in other places to which they may have occasion to remit money. The person also who receives the remittance prefers a hoondee, which he can cash in the bazar, to a note, to cash which he must go to a cutcherry, perhaps three miles off. The only cases in which they prefer notes to hoondees are—

(1).—When they would have to remit at a discount if they sent hoondees.

(2).—When they wish to remit money to a place where they have no agent on whom they can draw a hoondee.

No. 14.—We have at this treasury every facility both by rail and road for obtaining a remittance of cash, in case of the balance being reduced too low by cashing notes. We could obtain a supply by rail from Allahabad or Cawnpore in two days, and by road from Banda or Humeerpore in about five days. We should first apply to the Accountant General, North-Western Provinces, at Allahabad, who would issue directions to the Bank of Bengal there.

Nos. 15 and 16.—My indents for notes have always been complied with, and I have never been unable to meet the public demand for them, though it is far larger than I should have expected in so small a district. I am not aware of the amounts of notes issued in other districts, but I imagine that many of larger extent and more importance than this have not as yet issued Rs. 85,000 worth of notes,* which is an average of Rs. 50,000 a year. The amount, of course, chiefly depends on the trading importance of the district, but the circulation of notes will be much influenced by the facilities, or the reverse, afforded at the treasury for their issue freely and without delay.

* From August 1864 to April 1866.

No. 17.—The current value of the Government gold mohur here is Rs. 15, but it is not common or in any way in general use.

Nos. 18 and 19.—Neither the English nor Australian sovereigns are current here. A chance one may be brought now and then from the railway or from Allahabad or Cawnpore, but they are scarcely ever seen.

Nos. 20. and 21.—I have had no experience in this district with regard to sovereigns, but I have no doubt that they would bear a higher value in the Mofussil proportionate to their greater rarity.

No. 22 and 23.—I think there is no doubt that the Natives would accept a Gold Currency with the greatest readiness, and that they are fond of it both for hoarding and circulation. For both purposes, it presents the same advantages over silver, *viz.*, its portability and greater value. If gold were put in circulation, the Natives would, beyond doubt, absorb a great portion of it in hoarding and for making ornaments, but I do not think that this is in any way an argument against a Gold Currency, for silver to the same value, as the gold absorbed, would be liberated. I presume that the object aimed at by all in introducing a Gold Currency is to diminish the constant drain of silver from Europe, and I think that this object would unquestionably be obtained. The Natives of India have always been used to a Gold Currency, and none whom I have questioned have ever expressed a doubt on the subject of its popularity among themselves; its greater portability must always recommend it for purposes of transmission, and its small bulk for hoarding. The Native who conceals the savings of a lifetime in the floor of an inner room, will hardly fail to appreciate the convenience of a metal, which will render it possible for him to conceal his hoard in one-tenth of the space now occupied by it. There would seem to be no question that a considerable amount of any new Gold Currency would be absorbed, and worn as ornaments like the present gold ashrafies: this will perhaps throw some unnecessary labor of coining on Government, but the inconvenience can never amount to any thing considerable. Most Natives, I have seen, are much more eager for a Gold Currency than for a paper one, though from long custom they have grown to be almost contented with silver, as the only circulating medium; they are perfectly awake to the advantages of gold. They frequently transmit to one another large sums, which, from the bulkiness of silver, it is most difficult to guard, and which entail very large expenses for transport. Beyond all doubt, gold, whether in the form of an English sovereign or in one more like the ashrafie, would be at once accepted at full value, and become perfectly current among Natives, for it is open to none of those suspicions and inconveniences which prevent the ready acceptance of a Paper Currency by the Natives. They are not afraid that Government will induce them to give up their silver in exchange for a worthless bond, for they receive value at once in exchange for what they give, and in a material which they all know quite well that they can convert into any thing they require at any village in India. Neither do they fear that their gold coin will be destroyed by fire, rotted by damp, or eaten up by ants; nor are they put to the same inconvenience as in the case of a note if at any time they wish to receive silver for it. Instead of a troublesome journey to the district treasury and long waiting while the note is examined, its number entered in the books, and the register of lost notes searched, they have merely to present their coin at the nearest mahajun's or sonar's, to be certain of receiving its full value. Thus, I think, it is shown that all the causes which tend to render a Paper Currency unpopular with Natives do not apply to a Gold Currency. A paper is, no doubt, superior to a Gold Currency in some of its qualities, but these are either qualities which are possessed by gold to an extent sufficient for ordinary purposes, *e. g.*, transmissibility, or else are those qualities which Natives of this country entirely fail to appreciate, *e, g.*, its having no intrinsic value, and, therefore, not absorbing any of the valuable material of the country for a medium of exchange which can be equally well represented by some thing having a purely conventional value.

No. 24.—I believe that gold coins of 15, 10, and 5 rupees would be more valued by Natives than notes of the same value for the reasons above stated, except that they would

certainly object to a 5-rupee gold coin on account of its smallness, as they do now to a silver 2-anna piece, and the objection would, of course, have much more force from the far greater value of the gold coin. The 15 and 10-rupee pieces all Natives would most gladly receive, and all I have heard speak of it join in saying that they would consider them a great convenience.

No. 25.—A gold is unquestionably the complement to a Paper Currency, as each possesses qualities necessary in a circulating medium, and not possessed by the other; that is to say, gold possesses portability, and is, therefore, well adapted for hoarding and reserves of any kind, but does not possess transmissibility, at least not in a high degree; whereas paper is transmissible in the highest degree, but is not adapted for hoarding and reserve, at least by Natives, on account of its destructibility. Therefore, if *both* a Gold and Paper Currency were introduced, gold would no doubt be held in reserve, and paper would circulate from hand to hand; but I do not think it can be said that a gold would help a Paper Currency, *i. e.*, help to establish and circulate it; but rather the contrary, for, by furnishing the Natives with a convenient medium of currency, possessing all other necessary qualities almost in perfection and transmissibility to a greater extent, you would render a Paper Currency much less necessary to them, and from their very great preference for gold, I have no doubt they would use it greatly to the exclusion of paper. If the object be to establish a Paper Currency, I should say, do not give a gold one too, but if the object be to give the most perfect currency obtainable, I say, give both, for the one is complemental to the other and supplies its deficiencies.

No. 26.—A Gold Currency would very effectually assist outlying treasuries in ensuring the convertibility of notes, because, from its great portability, remittances could be made in it to a much larger amount, and in a much shorter time, than in a Silver Currency. The chief delay in making a remittance now consists in the packing the silver and obtaining a police guard and a special railway van: with gold, the packing would not take one-tenth of the time now required, a single trustworthy police officer would be sufficient guard (for a lakh of rupees worth would go in two boxes), and no special van would be required.

No. 27.—The large shroffs and bankers, as far as I have been able to ascertain, are all in favor of having all three forms of currency simultaneously: they fully appreciate the respective advantages of each kind; it is only the uneducated and those unconnected with monetary operations who, distrusting the Paper Currency and not appreciating its advantages, would prefer to have only a Gold and Silver Currency. I have not heard any one state that he would prefer to have only a Silver Currency; indeed, most Natives are very eager for the introduction of gold.

No. 28.—Bar gold does not circulate in this neighbourhood: the only method of testing the purity of gold used here is by the kesowtee or touch-stone.

No. 29.—Gold mohurs circulate here with perfect freedom, *i. e.*, they are freely taken and given in payment, but they do not exist in any large quantity as currency, though very large numbers are in the hands of Natives as ornaments and in hoards: still they are perfectly recognized as a customary coin and have never fallen out of use here. From time to time, owing to the impoverishment of the owners from various causes, stores of these gold mohurs come into the market and then circulate for a time, but they are often re-absorbed and stored away in hoards again by others.

Nos. 30, 31, and 32.—The following five kinds of gold mohurs are current in this district:

(1).—The Jeypore mohur, dated from the year 1 to the year 30: the oldest are the most valuable: those of the years 18, 19, and 20 are most numerous: this generally passes for the full value of Rs. 16, but occasionally does not fetch more than Rs. 15-12: it is a thick coin of the size of a 4 anna piece.

(2).—The Delhi or Mahomedshahee: sometimes of year 5, sometimes without date: it generally passes at full value of Rs. 16: it is a thick coin, slightly larger than a 4-anna piece.

(3).—The Lakhnau (Lucknow): date unknown: the nominal value is Rs. 15, but it does not fetch more than Rs. 14-8: it is a thin broad coin as large as an 8-anna piece.

(4).—The Murshedābādī: this is of two kinds, though both are dated the year 19: the older and better engraved is the more valuable, being of purer gold. its nominal value is Rs. 20 and its market price varies from Rs. 19 to 21: the newer with inferior engraving and less pure gold is nominally worth Rs. 18, and fetches in the market from 17 to Rs. 18 according to the demand.

(5).—The Shahjahanpúr mohur, dated the year 23, of nominal and real value of Rs. 16: a thin coin of the size of an 8-anna piece.

It will be seen from the above that the mohurs generally pass for their intrinsic value, and do not bear an artificial value according to their names or States, with the exception of the old Murshedābādī mohur, which sometimes fetches a price above its intrinsic value.

In closing this report, I must express my regret at the delay which has occurred in submitting it; but it has been unavoidable in consequence of my current duties, judicial, revenue, and treasury, taking up so much of my time, that I have only been able to devote to the preparation of the report such periods as I could snatch at intervals from my daily work.

From the Assistant Commissioner in charge of the Treasury, Fyzabad,—dated the 7th March 1866.

No. 1.—Government currency notes are not readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—Mahajuns and bankers, for their own profit, make a charge from 2 to 4 annas per cent. for cashing notes, and this rate is consequently the average rate at which they are received and paid at the bazar.

No. 3.—Currency notes are uniformly given to all applicants at the treasury in exchange for cash, except when there is reason to believe the notes are to be used for the purpose of transmission to Calcutta; but cash is not given at the treasury office in exchange for currency notes, except occasionally for the convenience of travellers and resident civil officers.

No. 4.—I am of opinion that, as a temporary arrangement, all treasuries should be empowered to cash any notes presented to them for payment, and so at once put an end to the depreciation. If there were one place in each town or district where the notes could be converted into cash, all bankers and others would probably willingly receive them at par.

No. 5.—I am of opinion that the present arrangement of circles, with a separate note for each circle, is not at all well qualified to promote the reception of a Paper Currency by the Native population, as I have repeatedly heard complaints made against it.

No. 8.—I am of opinion that the introduction of a note of the value of 5 rupees is not at present advisable, unless the same be convertible at all treasuries when it would meet the requirements of the poorer classes.

No. 9.—The 5-rupee note would not probably, for some time, have a larger circulation than notes of greater value.

No. 10.—I have reason to believe that notes are used for purposes of remittance, but not extensively, except by the English banks.

No. 11.—Shroffs and Native bankers do exact discount in all cases of cashing notes.

No. 12.—Shroffs and Native bankers make it a part of their business to buy up notes at a discount, and send them to head quarters of circles for encashment.

No. 13.—Shroffs and Native bankers do not prefer the note to hoondees for purposes of remittance.

No. 14.—The Lucknow Treasury is the treasury to which application would first be made in the event of the silver reserve running very low, and cash could be obtained from it within seven days, the distance being 80 miles.

No. 15.—On one occasion, for nearly six weeks, this treasury was unable to meet the public demand for Paper Currency in consequence of indent for notes not being complied with.

No. 16.—The reason assigned for delay in complying with indent for notes was, as per docket No. 1727, dated 18th September 1865, from Accountant General, "the delay in sending them was to the Allahabad circle's balance being very low."

No. 17.—The Government gold mohur is said to bear an average value of Rs. 15.

No. 18.—The average value of English sovereigns is said to be about Rs. 10.

No. 19.—The Australian sovereign does not seem to be known in the bazar here.

Nos. 20 and 21.—I have no means of furnishing any reply to these questions.

No. 22.—I believe the Native community are fond of gold, both for the purposes of hoarding and of circulation.

No. 23.—I believe the Natives would like a Gold Currency.

No. 24.—I believe the gold coins of 15, 10, and 5 rupees would, for a time only, be much more likely to find favor in the eyes of Natives than notes of like value.

No. 27.—The dealers in general seem insensible of the advantages of a Paper Currency in their transaction, and the shroffs seem to prefer paper and silver at present, as they are enabled thereby to get a discount on their transactions.

No. 28.—Bar gold does circulate in this neighbourhood to some extent, and its purity is ensured by melting.

No. 29.—The tehsildar reports that Native gold mohurs are used by Natives as a means of currency, but I have made other enquiries, and believe that very few are used.

No. 30.—(*Vide* tehsildar's report as per following extract)—

Moorshedabadee, Jeypóree, Mahomedshee, Delhi, Lucknow Chotu Ghoolee, and Puroodas, Shurshahee Shumshere Shahee Pottudar, old Furruckabadee of Benares, Patna Phooldar.

No. 31.—Gold mohurs do not pass for their intrinsic value.

No. 32.—They bear value according to their denomination.

From the Deputy Collector of Ganjam,—dated the 8th March 1866.

No. 1.—Currency notes are not in general use as a circulating medium in Ganjam; when Natives are forced to take them, they do so unwillingly.

No. 2.—The restrictions placed on the conversion of notes at public treasuries have destroyed the Government credit as far as the notes are concerned. They are discounted in the bazar at 1 per cent.

No. 3.—Small notes are cashed at the treasury, but sparingly. A traveller, as an indulgence, can get silver for a 100-rupee note. The Madras Government has forbidden the issue of large notes for silver if the Collector supposes that the note will be used for remitting money to the presidency.

No. 4.—It will be seen from the foregoing reply that in effect there are no *facilities* at all afforded for conversion. If a sum of from Rs. 20,000 to Rs. 50,000 were set apart and gazetted monthly as available at district treasuries for the support of the Paper Currency, it would be floated at once.

No. 5.—I consider that a note for all India is the desideratum, and that if its credit is fairly supported at starting, the Paper Currency will become the chief circulating medium of this country as it is in Scotland.

No. 6.—Answered above.

No. 7.—I think the universal note would enjoy universal credit, and be convertible at any public treasury within the limits of the sum monthly set apart, and notified as available at such treasury to support the Paper Currency. I believe such a restriction would be readily understood by the Native community as a necessary and purely local qualification to credit imposed by circumstances.

No. 8.—I think that a 5-rupee note would be received as a great boon, and would find great favor with the Native community. I may again quote the example of the Scotch system, and remind the Commission of the favor with which the 1£ note is there regarded.

No. 9.—It is impossible to answer that question positively, neither can it, as it seems to me, be matter of moment whether 5-rupee notes have a larger circulation than 10-rupee notes.

No. 10.—No.

No. 11.—For the most part.

No. 12.—That practice has not come under my notice.

No. 13.—They prefer the hoondee.

No. 14.—We should get money by the coasting steamers from wherever the Accountant General could spare it, but under the rule I have proposed in answer No. 4, a treasury could not be so surprized.

No. 15.—No, under existing rules, our notes are waste paper.

No. 17.—From Rs. 15 to Rs. 15-4.

No. 18.—From Rs. 10 to Rs. 10-4.

No. 19.—About the same.

No. 20.—No, they sometimes bear a higher value at the presidency, but these conditions are subject to frequent fluctuations.

No. 22.—They chiefly hoard it; there is not sufficient gold for circulation yet.

No. 23.—There can be no doubt of it. Nothing could be more desirable or more simple of introduction. The question came before the courts in Ceylon many years ago as to the sovereign and half-sovereign being legal tenders. It was ruled that they were so in every British colony, and it is only necessary to revoke the order of Council, which suspended the operation of the law in India in that particular, to give the experiment fair play. Gold will establish itself here as it has done in Ceylon. Sovereigns are taken up greedily when they come into the treasury.

No. 24.—It is impossible to predict; but I should not be surprized to find small notes (enjoying the same universal credit as the rupee) become the favorite medium.

No. 25.—A Gold Currency could have nothing to do with it. It is purely a question of public credit.

No. 26.—I cannot see how it would affect the question.

No. 27.—They would probably say they preferred the metal; but as they have never had the opportunity of seeing a Paper Currency in fair operation, their opinion is of small value.

No. 28.—No, it has no circulation.

No. 29.—They are only used to hoard, or by goldsmiths.

No. 30.—The Delhi and Cuttack mohurs are both known here. The former is considered the best gold.

No. 31.—Yes, for their intrinsic value about 17 rupees.

No. 32.—They have no artificial value.

In submitting these answers to the Commission, I beg to observe that there has been some inconsistency in the Government action in regard to the Paper Currency. Every description of revenue can be paid into the public treasury in notes; but this provision, which was intended to create confidence in the Paper Currency, was neutralized by the restrictions imposed on converting notes into silver. Thus, Government declared themselves willing to take the notes in lieu of silver, and at the same time refused to issue silver in conversion of notes tendered. It should be lawful (if the present Act does not render it so already) for the Government on occasions to pay the whole of their public establishments in paper money. The financial history of the late American war shows how far the system of a paper issue may continue perforce to afford the means of transacting business even while national bankruptcy is imminent. It would be desirable, however, before resorting to such a measure, to adopt the necessary means for floating the Paper Currency as suggested in answer No. 4.

From the Assistant Collector in charge of the Ghazeepore Treasury,—dated the 26th February 1866.

No. 1.—No. The Natives at once hasten to the Government treasury, or to a mahajun, to get cash for any notes that may have come into their possession; and rarely, or never, try to pass them from hand to hand in monetary transactions, as they cannot do so at their full value.

No. 2.—The reasons are—

1st.—The Natives do not understand the meaning and use of the notes, dislike and distrust them, and cannot see why a bit of paper represents so much money. They imagine that the object of Government is gradually to displace all the silver and gold in the country with paper, and thereby drain India of its wealth, and impoverish the country, leaving nothing but paper in the hands of the people.

2nd.—The notes, not being convertible on demand at the Government treasuries, cannot be used as cash, as Natives, through distrust, refuse to take them in payment at the par value; consequently, the mahajuns charge a high rate of discount, varying from 4 annas to 1 rupee per cent., according to the distances of the offices of issue. It is often as high as 8 annas for a 10-rupee note.

No. 3.—Notes in lieu of cash are taken in satisfaction of Government demands. The rules contained in his letter, No. A. H, dated 14th November 1864, have been made absolute by the Accountant General, North-Western Provinces, *viz.*, that notes be cashed for *travellers only*. Notes are issued for cash to all persons applying for them, provided that the applicant does not intend to send notes in large quantities to Calcutta. *Vide* circular order of the Accountant General, North-Western Provinces, No. 5, dated 15th August 1865.

No. 4.—No. A maximum number of notes of each kind might be fixed for each treasury in accordance with its wants. When the notes in store reached the maximum, encashment of notes would be refused; but if below the maximum, notes would be cashed to all comers till the maximum was reached. A minimum of notes in like manner might also be fixed; and so long as the amount on hand remained above the minimum, notes would not be indented for at the office of issue. Notes are often sent by post by Natives when the exchange is unfavorable, when no other means of remittance are to be had, or when the mahajun's hoondees are not safe;

and notes of various circles thus sent are almost daily presented at this treasury for encashment, which is invariably refused. If they were cashed in large amounts, our treasury would soon be empty, and Government would thus have to bear the cost of remitting specie to fill up the vacancy. Until the people became familiar with, and have confidence in, the Paper Currency, and treat notes as cash at their full value in private monetary transactions, I see no way out of this difficulty. But, in order to familiarize the people with them, I think notes of the lower values should be freely cashed at the discretion of the treasury officer.

No. 5.—No.

No. 6.—I would propose one circle only for each Presidency. The present system of several circles for this Presidency greatly interferes with the convertibility of the notes, and is one of the great causes which leads the people to refuse them in payment. At present, the name of the circle is not printed in Native characters on the notes; and notes of other circles are thus not unfrequently foisted on persons unacquainted with English, and for these the mahajuns charge an exorbitant rate of discount. I consider that the great distances and slowness of communication would render it dangerous to adopt one universal note for all India; but, I think, communication is sufficiently rapid in this Presidency to justify its being formed into one circle, which could be advantageously managed from Allahabad. If this plan were adopted, nobody could refuse to take notes on the ground that they were not a legal tender in the next district, which is constantly done at present, and they would not have to pay the very heavy discount which the mahajuns charge now on notes of other circles. These notes would always be payable in satisfaction of Government demands at the treasury or tehsilee, which notes of other circles at present are not. In my opinion, this system would tend to inspire the Natives with confidence in Government notes. As Natives apparently rarely understand that a note is a promise of Government to pay bearer on demand, I would suggest that the nature of the promise on the part of Her Majesty's Government be clearly specified on each note in Urdoo and Hindee, with the signature of the Commissioner of issue in the same characters, so that the most ignorant Native might easily comprehend the nature of the engagement, and that the Government is his debtor. I would also recommend that every note be stamped with the name of the treasury from which it is finally issued, with date of issue (as is now done in many of the banks): this would keep a check on the remittance of notes by post in the place of hoondees. Treasury officers might be empowered to cash all notes up to Rs. 200 at discretion, and in small quantities to any one person, provided that such notes had not been *(bonâ fide)* received by post as remittances (this would at once be ascertained by the stamp on the note of the treasury through which the note last passed). I do not think there would be any great inconvenience to Government if all notes up to Rs. 50 (whether received by holders, from long distances, by post or not) were cashed at the discretion of the treasury officers in small quantities to any one person. To establish a Paper Currency in the confidence and liking of the Natives, the prime necessity is to give every possible facility for converting notes into cash at their full value on demand, until the Natives get accustomed to them, and have perfect confidence in them. For this purpose, notes of the lower values ought to be freely cashed at the local treasuries, as long as there is a sufficient stock of cash in hand to meet the current requirements of the districts. But the practice of sending notes for large amounts by post as remittances in the place of hoondees should be discountenanced, as it deranges the rates of exchange. Such large amounts should not be cashed at the treasuries, because, if the exchange is favorable to the remitter, he will take hoondees, if very unfavorable, he will take notes. But I should allow a large discretion to the treasury officer, as the remitter may use notes on account of their greater safety even when the exchange is in his favor. In this manner the treasury would come to perform some of the functions of a bank—cashing notes when the exchange was at par, or at a discount, and refusing them when at a premium. Whether this is advisable or expedient or not, I will not say, but in that case, the rates of exchange between all the principal places of the Presidency would have to be published daily. With regard to the establishment of offices of sub-issue in the presidency circle

which I have proposed, it appears to me that such sub-issue offices would interfere seriously with the rates of exchange, and would ultimately throw the whole cost of specie remittances on Government. This objection is insuperable, and I cannot see how it is to be avoided. I would establish a head office of issue at Allahabad (near the centre of the circle), where alone notes would be convertible on demand; and to put a stop to remittances of notes in large amounts in the place of hoondees or bank drafts, I would abolish notes above the value of Rs. 200. For the present, while the use of notes is so restricted in private transactions, I consider notes up to Rs. 200 ample to begin with; and if these notes were freely convertible on demand at the Government treasuries (not having been received by remittance *bonâ fide*), I believe the Natives would soon come to use them as freely and confidently as bank notes are used in England.

No. 7.—*Vide* No. 6.

No. 8.—Yes; in order that notes may take the place of cash more effectually, and be capable of being used in all kinds of petty transactions, and thus be introduced into the lower grades of society. The objection is that the ignorant are liable to be cheated and robbed by the mahajuns, as long as the smaller notes are not convertible at the Government treasury.

No. 9.—Yes, if convertible at the treasury, everybody would use them.

No. 10.—Not largely. It depends upon the rate of exchange. See No. 13.

No. 11.—Yes, invariably, as the notes are not exchanged for cash in the district Treasury.

No. 12.—Yes, to a very large extent. In fact, they buy up all the notes they can, *i. e.*, all that are not cashed for travellers at Government treasuries or remitted by post, as currency notes are almost unknown in private transactions among the Natives of this district.

No. 13.—No, when the exchange is at par, or at a discount. Yes, when the exchange is at a premium, *i. e.*, they use hoondees when the exchange is in their favor, and notes when it is against them.

No. 14.—The silver reserve is never allowed to run too low in the Ghazeepore Treasury. If we were to cash all notes presented to us, it would soon be empty; we would then apply to the Accountant General, North-Western Provinces, at Allahabad, 13 miles *pucka* road, and 122 miles rail.

No. 15.—Our indents have always been complied with.

No. 16.—*Vide* remark opposite to No. 15.

No. 17.—15 Rupees, *i, e.*, the intrinsic value of the gold.

No. 18.—English sovereigns are not exchanged in the Ghazeepore market.

No. 19.—Cannot be ascertained.

No. 20.—No.

No. 21.—Because the exchange is rare.

No. 22.—No; people prefer silver to gold for hoarding and circulation. The people would not buy English sovereigns for hoarding, if they had the opportunity, because they contain a considerable amount of alloy (say $\frac{1}{12}$th). Of this the Natives are well aware, and they argue that Government puts in the alloy for the purpose of gaining the difference between the intrinsic value and the nominal value, *i. e.*, the amount of the alloy in each sovereign, $\frac{1}{12}$th. The value of a note or sovereign to them is what the mahajuns will buy it for, and these latter always sell at a profit. But if the value of the gold in English sovereigns rose above Rs. 10, they would be immediately melted and sold as bullion to Government.

No. 23.—No; for if the gold coins sell at their intrinsic value, people lose by them,—the mahajuns would buy below the intrinsic value and sell at the intrinsic value.

No. 24.—Yes, provided Gold Currency is made convertible on demand at the public treasuries.

No. 25.—Yes, if gold coins were as current as silver at their par value, which can never be expected in a country like this, especially as silver is the sole standard, and it would be all but impossible to displace it.

No 26.—Yes, under the same condition (*vide* 25). The evils of a double standard are too well known to require remark, but gold might be made legal tender for sums up to Rs. 50 with great advantage, care always being taken to keep the intrinsic value of the sovereign a little under Rs. 10, so as to prevent its conversion into bullion.

No. 27.—They would prefer Silver, Gold, and Paper Currencies, as they would be enabled to make exorbitant profits by buying or selling gold and paper.

No. 28.—Yes; when people buy gold for making ornaments, they test its value by rubbing the gold bar on a piece of black stone called *Kussowtee*, which readily receives an impression of the gold rubbed on it, and from the color of the mark, they judge the value of the gold.

No. 29.—Yes, as compared with Government gold mohurs.

No. 30.—Jeypore, Lucknow, Delhi (old and new), Moorshedabad, Nepaully, Company's, and Guinea.

No. 31.—No.

No. 32.—The rates of exchange differ from time to time, and are calculated on the public demands and current market rates.

From the Deputy Collector in charge of the Treasury, Godavery District,—dated the 3rd March 1866.

I beg to send my replies to the queries contained in your Circular of the 16th ultimo, which was received by me on the 28th ultimo.

No. 1.—Notes are not readily received. There is some hesitation on the part of the receiver. In towns they are received, but not to any large extent or value, from the difficulty of issuing or getting them cashed.

No. 2.—The depreciation arises from various causes. The merchants in towns have to deal with cultivators and petty tradesmen in the villages, whose partiality for hard coin is an established fact. They do not understand the languages in which the notes are issued. Paper cannot bear the same rough usage as metal. The restrictive orders in regard to their issue and receipt have not tended a little to bring notes into disfavor, and defeat the very object for which they were issued. The average rate of discount is 8 annas per cent.

No. 3.—Government treasuries receive notes freely in liquidation of dues, and issue them again to some extent in payments when parties desire it. Notes are cashed to a limited extent and for small sums, as an accommodation to private parties and travellers.

No. 4.—No; notes should be freely cashed so far as the treasury balances permit it, and issued for cash. The prohibition against issuing them to merchants for remittance purposes, should be removed.

Nos. 5, 6, and 7.—I would give each district treasury a currency department for the issue and receipt of notes. I would do away with the circles. They are at too great a distance for any useful purposes. For the promotion of circulation and inspiring confidence, a better plan does not commend itself. If Government would receive and issue freely to the utmost they can, I am sure that every Native would look upon notes as good if not better than coin. The note should be on a durable material, such as parchment, and the figures representing value should be printed in all the current languages. I would have one universal note for the whole of India. The Presidency towns which comprise a whole Presidency should be the head circle offices. Details may be arranged so as to carry out this plan successfully. The Presidency treasuries should be able to issue and cash notes of any value. There will not be a

great run for coin, when it is well known that notes are convertible everywhere, and that each treasury will accommodate the holders in the best manner it can. If a man is sure that Government would give him money any day, he will not object to receive notes in payments, and notes can even be forced on his acceptance. In case of need, aid can be obtained from other districts or the Presidency towns with which we are connected by the telegraph line. On the coast, steamers are constantly plying. Inland districts have railways. I am aware that the above plan would affect banking business considerably. When parties can get bills at a discount, they will still go to banks or private firms. When bills will not be granted, except on payment of premium, parties of course would make remittances by notes.

Nos. 8 and 9.—Notes of Rs. 5 value would have a larger currency, because they would suit the generality of people for remittances and payments; but I think a note of Rs. 10 is low enough. India is richer than it was, and is on the road to a higher prosperity. The fault of the limited circulation is not in the denomination of notes. It is more in the restrictive orders in regard to the receipt and issue of notes, and the natural prejudice of the people. I believe that all prejudice against notes would, under judicious arrangement, wear away in course of time.

No. 10.—No; I know that many prefer making remittances by hoondees,—1*stly*, because a discount is allowed; 2*ndly*, there is less trouble, if not risk, in sending them; 3*rdly*, duplicates can be had if the originals are lost; and 4*thly*, the people remitting money are accommodated by bankers. They need not pay the whole money at once. A person here requiring a bill on Madras for Rs 1,000 can have it from a Native banker by paying one-half, and promising to pay the remainder in a month or so, or executing a bond. Native bankers allow such terms, because it would be expensive and attended with risk to get the money by sea or land, and notes if sent at par, which would be the case, would entail some loss. Notes are used for remittance purposes on exceptional occasions. A lucrative cotton trade has sprung up. Merchants cannot find ready accommodation by hoondees. Under such circumstances they use notes. Such will not be an ordinary occurrence.

No. 11.—Yes; banks do the same.

No. 12.—No; they arrange with zemindars and renters, &c., who pay money to Government. The notes eventually find their way into Government treasuries.

No. 13.—No.

No. 14.—I can procure aid from Madras, Vizagapatam, Masulipatam, and Ganjam by sea. I now make remittances in cash to Madras, and also buy supply bills for a large amount. With a little management I may keep silver enough for notes. I am sure notes would be again purchased from me. Of course there will be extra labor, and the treasury officers must watch the times and be prepared to tide over difficulties.

Nos. 15 and 16.—Never; on the contrary, I have always too many notes. I send them away to Madras every month, because the rules do not permit me to issue them to merchants. There are no others to buy them.

No. 17.—It is worth Rs. 15-8.

No. 18.—Rs. 10-5.

No. 19.—Rs. 10-5.

Nos. 20 and 21.—Yes; they are first imported into Presidency towns, whence they have to be carried into the interior at some risk.

No. 22.—Yes; gold coin has, in all ages, been viewed with favor.

No. 23.—It will be a very acceptable coin.

No. 24.—Certainly.

No. 25.—Undoubtedly.

No. 26.—I have every confidence that this will answer well

No. 27.—I have already stated that the restrictive orders in regard to issue and receipt have prejudiced the Natives against the notes. They would have gold, silver, and paper.

No. 28.—No; gold is brought in other shapes.

No. 29.—Native gold mohurs do not come to this province. They are not in request.

Nos. 30 and 31.—Hyderabad mohurs; Arcot mohurs; Sikha mohurs; Al bar mohurs. Mohurs are now very scarce. The sovereign is the only gold coin to be met with in the Up-Country bazars.

No. 32.—Native mohurs are bought at their intrinsic value only.

From the Assistant Commissioner, Godda Division,—dated the 1st March 1866.

In reply to your Circular of the 16th instant, I beg to submit herewith the report called for.

Nos. 1, 2, and 3.—I have to inform you that I have not any currency notes in this treasury, and therefore am not able to speak from experience on those heads; but I believe that gold and silver are much preferred by the Natives. To illustrate which, a jailor of this jail, upon going to his own home at Gya, was recommended to take notes with him instead of his pay in rupees. His reply was, "no, notes are worth nothing, I won't have them;" and he was a Government servant.

No. 5.—I do not consider the present arrangement good, for I think that, to ensure an easy and popular circulation, there should be but one currency note for all the circles under the Governments of Bengal and North-Western Provinces; another for all circles under the Madras, and another for all circles under the Bombay Presidency. Having then but three currency notes for the whole of India, and making these notes convertible on demand at all Government treasuries, would render notes of par value instead of their being discounted, as I hear they now are, by mahajuns and bankers.

No. 8.—I would not propose a note of less value than Rs. 15, as I think the 5-rupee note would be useless, but for the same reasons that the old one pound note at home was abolished. I would have a gold coin of 10 and 5-rupees value to make up for the want of the 5 and 10-rupee notes.

Nos. 10, 11, and 12.—As there are no large shroffs or bankers in my district, I am unable to give an opinion upon their custom.

No. 13.—I believe the Native hoondee is preferred by *every Native* to currency notes, and used largely.

No. 14.—I should apply to Bhaugulpore, a day's journey from my treasury, in event of my silver running short.

No. 15.—I have very often had demands for currency notes, but not having been allowed notes, have been obliged to refuse all applicants. It would be a great convenience if a few thousand rupees' worth were sent here, as there are no Native bankers from whom the Natives can procure hoondees.

No. 16.—I have not received any answer to my application.

No. 18.—The average value of the English sovereign in these bazars is Rs. 10-4.

No. 19.—I have never seen or heard of Australian sovereigns being in circulation in these bazars.

No. 20.—The sovereign bears a slightly increased value here to what it does in the Presidency towns.

No. 22.—Yes, gold is desired here both for currency and hoarding, but mostly for the latter purpose.

No. 23.—Yes, greatly.

Nos. 24 and 25.—The Natives would like gold coins much better than notes of the same value. They can understand the Gold Currency, but have not as yet appreciated the notes; neither do I think the Gold Currency would assist the note circulation, as it is only amongst the higher classes that notes are at all understood.

No. 27.—We have no large shroffs from whom to gather their opinions.

No. 28.—I have never heard of *bar* gold being circulated.

No. 29.—Native gold mohurs are at a great premium, but they are chiefly used for hoarding. The names of those to be met with in this district are as follows:—

Alumsahee.	Mahomedsahee.
Joynugoree.	Modoosahee.

Nos. 31, and 32.—They pass at a higher and artificial value according to their coinage.

From the Deputy Commissioner of Gondah,—dated the 10*th March* 1866.

No. 1.—No; the Native community generally receive them with much hesitation, and in monetary transactions amongst themselves they seldom realize their full value.

No. 2.—The cause seems to be this, that they do not understand the system of circles; they do not see why, if it is a Government note, it should not be received in a Government treasury anywhere in India. Thus, as the majority cannot read the English on the note, they are inclined to distrust it for fear of getting a note of a circle other than that in which they wish to make use of it. Again, except under special circumstances, notes cannot be received, under rules in force, in Government treasuries, except in payment of revenue, which is the main cause of their depreciation. The average rate at which they are discounted is Rs. 2 per cent.

No. 3.—Under rules in force, except in payment of Government revenue, and in the case of travellers, Government notes are not allowed to be received and exchanged; but, as regards the sudder treasury of the district, in order to increase the circulation and give confidence to the currency, these rules have been relaxed, and notes belonging to other circles have been readily received and exchanged on any account, as long as the cash balances did not fall too low,—a contingency which, considering the position of the district, the absence of any expenditure for maintenance of European troops, and any large European firms, is not likely to arise. Lately, small supplies of notes have been sent to tehsils with the view of affording landholders and others greater facilities of using them; but as the receipt of notes has, at these small treasuries, been likewise restricted to Government revenue, the benefit hitherto has been *nil*.

No. 4.—These means are not sufficient; and I think that the only way of rendering the currency of real benefit to the people, is the adoption of the proposal made by the Hon'ble the Lieutenant Governor of Bengal, as mentioned in the Secretary to Government of India's letter, Financial Department, No. 3850, circulated under the Accountant General's, North-Western Provinces, Notification No. 2899, dated 16th December 1864, that is, that silver should be given in exchange for notes, of whatever circle, to the extent of the available cash.

No. 5.—I consider that the present arrangement of circles is one of the great hindrances to the complete circulation of notes.

No. 6.—I would not on any account increase the number of circles, or establish offices of sub-issue at chief local treasuries, as such would only tend, I think, to increase the confusion in the Native mind, and consequently tend to obstruct rather than increase the circulation of notes.

No. 7.—One universal note, convertible into cash at any Government treasury, either at the sudder or tehsil, is the only thing which the Native community will thoroughly understand and appreciate, and this will tend to remove their distrust in the circulation.

Grain-dealers of the district would gladly avail themselves of notes, if such was the case In this district there are large grain-dealers who carry large quantities of produce from the northern parts of the district to Lucknow, Cawnpore, and Fyzabad on the Gogra. These men would gladly receive payment for their produce in Government notes, if they knew that they could get the same cashed at the tehsil treasury near their houses, but, if they find that they have to go some 30 or 40 miles for the purpose, they decline to take anything but cash It may be urged that this would require a large quantity of money to be kept at the tehsil, but I do not think that such would be the case The cash receipts at the tehsil would, I think, always be sufficient to meet the demand, for it must be borne in mind that the ordinary expenditure at a tehsil is almost *nil*, and payments on account of local funds works are (in this district) made at the sudder If the possessors of notes knew that they could get them cashed at any Government treasury, they would begin to really look upon the notes as so much cash, and by keeping them make more use of them in their every-day transactions It is that distrust and want of confidence that at present makes a Native hesitate to receive a note, or when he does get one to exchange it for cash on the very first opportunity Further, I do not think that there would be any increased risk in the receipt of forged notes, the responsibility of the treasurer at the head quarters of the district holds good in both, and we have no better security in this respect at one treasury than at another Again, it would be a great advantage to receive notes at tehsils, for thereby the duty entailed on the police for treasure escorts would be diminished, and, supposing there was not sufficient money to cash notes for a day, the people would know that, at all events, they could get them cashed at the sudder, and their confidence in the credit of the Government would not be shaken by the temporary delay The great thing to be desired is, that Natives should look upon the Government note as really so much cash, and have that amount of confidence in their currency as to use them in every-day life, and, I think that nothing short of an universal note convertible at any time into cash at any Government treasury, either sudder or tehsil, will bring about this most desirable result, and render the Paper Currency a real and substantial benefit to the people As regards the sudder treasury, as far as this district is concerned, there would, I think, be no fear of the cash balances falling so low that we could not meet almost any demand for exchange, for the reasons stated in the latter part of the answer to the third question, the expenditure of the district is confined to the payment of the ordinary establishments, local fund works, advances for opium, and imperial public works (the latter is on a very limited scale), and accordingly, all our surplus cash is remitted to Lucknow In large stations, such as Lucknow and Fyzabad, where the total revenue from the district is probably inadequate to meet the demand on account of ordinary expenditure without being supplemented from adjoining districts, of course, greater caution would have to be observed so as not to allow the cash balances to fall too low But here again it must, I think, be borne in mind that, if the note was universal and looked upon by the Native community as good as cash, a much larger payment in notes would be readily accepted, and thus much of the contingent embarrassments removed

No 8—I do not think that a 5-rupee note would be of any use

No 9—No.

No 10—The shroffs and Native bankers in this district seldom or ever make use of notes for remittances.

No 11—A discount is always charged, *vide* reply to question No 2

No 12—I cannot learn that they do.

No 13—Not in this district

No 14—Should such contingency as that contemplated arise in this district, Fyzabad would be the nearest treasury to which I would apply (distance 28 miles), and to which there is a good metalled road But, should such a contingency arise during the rains, the want of means to cross the Gogra would be a very great obstacle to speedy communication

No. 15.—No; never. Indents for notes have always been most promptly complied with.

No. 16.—No answer required.

No. 17.—The gold mohur that finds most favor in the bazars is that known as the Jeypore; its price always fetches Rs. 2 more than the Government gold mohur, thus while Government gold mohurs would be selling at Rs. 14-8, Jeypore mohurs would realize Rs. 16-8.

No. 18.—English sovereigns are unknown in these parts, and are never to be obtained in the bazars of the district.

No. 19.—The same reply refers to Australian sovereigns.

No. 20.—As before stated, sovereigns are unknown in the bazars of the district; and as to gold mohurs, I have no means of ascertaining what they fetch in the Presidency towns. Their market price in the Mofussil is stated in answer 17.

No. 22.—The saving portion of the Native community generally convert their savings into gold mohurs, not simply for the sake of hoarding, but as being a more convenient means for stowage; and when proceeding on pilgrimages, they take them with them as a more convenient way of carrying money, but they do not use them for the every-day transactions of life. You never hear of a Native paying a banker or mahajun's debt in gold mohurs.

No. 23.—I think a Gold Currency would be most favorably received by the Natives.

No. 24.—Under the present system of circles, gold coins of the value named will always be considered more valuable than notes; but if the notes are made universal, although a preference would probably be shown for gold at first, still, by degrees, I think that preference would vanish, and the two would be received equally.

Nos. 25 and 26.—Yes; I think it would.

No. 27.—If the notes are made universal, the occupation of the regular money-dealers will almost disappear, and, therefore, of course, they would prefer that the Silver Currency alone be in force; but the maintenance of this class of sharpers is not for the benefit of the Native community generally.

No. 28.—No bar gold circulate in this district.

No. 29.—See answer No. 22. Gold mohurs are never used by Natives as a means of currency in the ordinary transactions of every-day life.

No. 30.—The names of the gold mohurs current in the district are—

I.—Kuldar *Furruckabadee*; this is considered the most valuable, ranging in value up to Rs. 22.

II.—The *Delhi gold mohurs*, known as Mahomedshahee, Akburshahee, &c.: the value of this is from Rs. 16 to Rs. 18; just now its value is Rs. 16-4.

III.—The Lucknow mohur, known as the Pootlee Shai, Purree Shai, and Shere Shai, the average value of which is about Rs. 17.

IV.—The Jeypore mohur, minted in the Jeypore territory; this equals the Delhi gold mohur in value.

V.—Government mohur, the least valuable of all, seldom or ever realizes Rs. 15, generally Rs. 14, Rs. 14-4, or Rs. 14-8.

No. 31.—See preceding answer.

No. 32.—They bear a value according to the amount of gold they are known to contain.

From the Officiating Deputy Commissioner of Goojranwala,—dated the 4th April 1866.

In answer to your Circular of 16th February, I have the honor to enclose the following answers to your questions; the subject is one in which I take great interest, and some time back, I should have been glad of employment in this line.

No. 1.—Government currency notes are not readily received and paid by the Native community of this town at their full value.

No. 2.—They always change hands at a discount, which varies according to the amount of the note, the percentage being higher on the lowest notes. The note being payable at Lahore is the reason given by the Natives for this, and it seems to me that the discount charged must everywhere represent the hoondeean which from time immemorial is charged on remittances, and as long as trade exists, must rise and fall according to the varying circumstances of the day. I cannot conceive a note circulating at par when payable at one place only, and to multiply the places where it can be converted, is but to lessen the discount and not to overcome the difficulty. Do Bank of England notes circulate at par in Dublin or Liverpool, or in Exeter or Aberdeen?

No. 3.—Notes are convertible at Goojranwala to a limited extent only; the coin in this treasury is some times only a few thousand rupees; during the last twelve months, it has been under Rs. 5,000.

No. 4.—The facilities are certainly not sufficient. It is obvious that at those treasuries where the collections are large, and from which remittances are sent periodically, notes might be cashed with great advantage. Take Delhi for example; it is clear that every rupee which goes upwards from there, might be paid in lieu of Lahore notes with profit to the State and advantage to the public. The collections of each zillah are known pretty accurately and also the average disbursements; at the beginning of the year, publish in the *Gazette*, and in other ways make known the amounts likely to be available at each treasury during each month of the year, and at each treasury let a monthly notification be issued to the public of the exact amount of coin available. In short, throw open the available cash balances at each place to the public.

No. 5.—The absolute convertibility of the note under all circumstances must be maintained at all hazards. By having circles, the convertibility of the notes is spread over a larger area. I would rather see three millions reserve at Lahore, three millions at Allahabad, and three at Calcutta, and notes payable accordingly, than nine millions all collected at Calcutta and the notes payable there. It is simply an impossibility to have a convertible currency payable all over the country; it is not attempted in England with all its resources of railways, &c. The best plan is to have circles with a separate note for each circle.

No. 6.—But I would increase the circles especially along the railway lines; I do not hope to see notes at par except at the circle heads, and I believe that the discount must always vary according to the distance from those centres, but by multiplying them I believe that the facilities offered to the Native sahookars would be increased, and the notes made more popular for exchange operations, and consequently for common use also. I would not have offices of sub-issue in a main circle. I do not see how this can be effected, and the convertibility of the note at all times and under all circumstances maintained.

No. 7.—One universal note for all India, convertible at many places, is, in my humble opinion, impossible. It must never be in the power of any to show that the "promises to pay" of Government cannot be performed on the instant, according to the terms promised, and there cannot be a bullion reserve at several places against the same note. But it might be possible to issue notes to a limited extent, payable at many places and for small sums, say, for Rs. 10 and 20 only; such notes might be colored blue, and would be sought after by

travellers; a small reserve might be kept against them at each circle, and there is nothing to prevent our proceeding tentatively. Then again, as proposed in paragraph 4, the available cash balances might be thrown open, not only to cash notes of our circle, but of every other, and thus, to a certain extent, counteract the local nature of the notes without causing any embarrassment. If, on the other hand, cash was ever tendered at treasuries where it was not required by Government and notes asked for, the cash might be declined without any risk of shaking the credit of the notes; indeed, it would enhance their value on the spot.

No. 8.—I do not consider that a note of Rs. 5 would be useful; such a sum is not embarrassing in coin, and the Natives who use such sums would, for the most part, be likely to want it divided, so that coin would suit better.

No. 9.—I do not think that a 5-rupee note would be found useful, and the sahookars of this place are of the same opinion.

No. 10.—As far as I can learn, notes are used for remittance purposes.

No. 11.—Batta or discount is always required in this town for cashing notes.

No. 12.—Notes seem never kept by any one in Goojranwala, as they say themselves they would lose interest. Money is being daily turned in small transactions; and when a note is bought, it is at once sent in halves in bearing letters to Lahore.

No. 13.—Hoondees are preferred except on the circle centre where notes can be cashed. Duplicates of hoondees can be obtained if lost, but not of notes.

No. 14.—Goojranwala is 38 miles from Lahore on the trunk road, and coin can come in three days, but notes are but rarely presented for payment here.

No. 15.—There is no public demand for notes to any large extent. Occasionally, the little stock of 100-rupee notes kept in hand has been exhausted, but indents have been complied with speedily.

No. 16.—Answered by the last.

No. 17.—The gold mohur (Queen's head) sells for Rs. 15, and some times for an anna or two more. The Furruckabad mohur keeps at about Rs. 20.

No. 18.—The English sovereign varies from Rs. 10-2 up to even Rs. 10-10, but usually is about Rs. 10-2 to Rs. 10-4. It is used extensively here for ornaments; sovereigns seem never to be sent back to Umritsur and Lahore, but are consumed here.

No. 19.—Australian sovereigns are not known here.

Nos. 20 and 21.—The gold coins vary entirely with the price of gold, according to the quantity of gold in each coin, but probably in Presidency towns they may be cheaper owing to the supply being plentiful.

No. 22.—Yes, Mahomedans who do not take interest to hoard gold, more or less. Gold does not circulate largely here, but is kept by all classes in the shape of ornaments, for which there is an increasing demand.

No. 23.—Yes, apparently the Natives would like a Gold Currency, but its value would fluctuate with the price of gold, and be measured by the rupee which would remain the standard.

No. 24.—The gold coins would be most approved.

No. 25.—And gold will always remain intrinsically valuable, so that it might be used as a reserve.

No. 26.—It would only assist the outlying treasuries, as being more portable; but if the notes are to be convertible, the reserve must be present everywhere where the notes are payable, and, in this view gold offers no advantages over silver.

No. 27.—There are no large shroffs in Goojranwala, but those here seem to think a mixed currency of notes, gold, and silver the best, but I doubt much whether they are able to realize the bearings of this question.

No. 28.—Sheet gold and bar gold does circulate. It is tested by slightly rubbing on a stone and examining the color of the powder left on the stone, and by fire and by weight.

No. 29.—Not much used.

No. 30.—Jeyporee, Rs. 16, Lucknow, Rs. 15, Russian, Rs. 8-8, Puttiala, Rs. 15, Bootkee of Cabul or Bokhara, new, Rs. 5, and old, Rs. 6, and Tilla, Rs. 6-4.

No. 31.—Except the Jeyporee and the Bootkees, which are used for wearing, all the rest sell according to their value as gold.

No. 32.—Their value is entirely according to that of gold.

From the Deputy Commissioner, Goordaspore,—dated the 3rd March 1866.

No. 1.—In cities, yes; in small towns and villages, no.

No. 2.—The reasons are—1*st*, if change is required, the inconvenience of parting with small change; 2*nd*, ignorance as to whether the note is safe and will readily pass. They are not so much discounted as refused; still one pice in the rupee is a likely rate of discount.

No. 3.—We will give anybody notes for silver, and will give travellers silver for notes. Indeed, having always to remit silver, we are liberal in giving silver to applicants almost always.

No. 4.—These facilities are sufficient, for latitude is allowed to the district officers who best know the state of their treasuries.

No. 5.—No.

No. 6.—Neither.

No. 7.—I would prefer one universal note for all India, inconvertible, but legal tender, accompanied by a pledge that the issue shall not exceed one year's revenue of the empire. I have not had much to do with large cities. The Natives I am accustomed to never doubt the solvency of Government; they only want to be sure that they can, in a few days, pass the notes they receive to-day. They doubt their power to distinguish between good and bad notes, and they want plenty of time to learn and understand every new thing.

No. 8.—Yes, public convenience.

No. 9.—Yes.

No. 10.—Yes.

No. 11.—No.

No. 12.—No.

No. 13.—Yes.

No. 14.—I would apply to the Deputy Accountant. But my district receives much and spends little, and scarcely needs to consider the point.

No. 15.—No.

No. 16.—See above.

No. 17.—Rs. 20.

No. 18.—Rs. 10.

No. 19.—I have never seen one.

No. 20.—No.

No. 21.—See above.

No. 22.—Hoarding, yes, circulation, no, because their value varies.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—No. It would relieve the want of coins which makes even the new and suspicious notes acceptable.

No. 26.—Yes; thus far that it is easier to transport gold than its worth in silver.

No. 27.—All such men draw hoondees and therefore hate paper. They would like Gold Currency supported by silver, as in England. I must add that there is not a man in the district whose opinion is worth asking, and as I am writing out of my district, I have not asked one.

No. 28.—Yes; it is tested by touchstone, file, and plugging.

No. 29.—Yes.

No. 30.—Mahomedshahee, Boodkee, *i. e.*, Dutch Ducat and Tilla.

No. 31.—I cannot say. They sell at Rs. 17-5 and Rs. 5-4 respectively, but vary.

No. 32.—No.

From the Deputy Commissioner of Goorgaon,—dated the 9th April 1866.

After collecting the opinions of influential bankers and traders of this district, I have the honor to reply to the queries contained in your Circular of the 16th February as follows.

No. 1.—Government currency notes are not readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—The reasons for depreciation appear to be chiefly distrust and a dislike to all innovation, coupled with the perishable quality of the notes and the distance of the convertible treasuries; but as the circulation of the notes in this district is next to nothing, I am unable to give the rate of discount.

No. 3.—The notes are paid out at the sudder treasury.

No. 4.—I recommend that notes be entrusted for sale to all tehsildars.

No. 5.—The present arrangements most certainly do not promote the reception of a Paper Currency.

Nos 6 and 7.—I would have one universal note for all India, to be convertible at every important treasury near the lines of railway, the object, of course, being to simplify the system as far as possible (consistent with safety), and as, under the present extremely cautious arrangements, the experiment has undoubtedly proved a failure, a little boldness may lead to more successful results, without imperilling the imperial credit.

No. 8.—A note of the value of Rs. 5 is certainly required, for the masses do not keep desks or boxes in which to store their wealth, but resort to brass or earthen vessels as hiding places for nearly all valuables; thus by having notes of low value, much of the present dread of losing the perishable articles will be removed.

No. 9.—Taking into consideration the general poverty of the country, especially amongst the agricultural classes, it is highly probable the 5-rupee paper would be much appreciated.

No. 10.—Yes, I believe that in the large towns the shroffs and traders remit largely by notes.

Nos. 11 and 12.—Answered in No. 2.

No. 13.—No, from the fear of loss in transit.

No. 14.—Delhi is only 20 miles off, and application would of course be made there.

No. 15.—No.

No. 16.—No reply needed.

No. 17.—Rs. 14-14.

No. 18.—Rs. 10-1.

No. 19.—Not known here.

Nos. 20 and 21.—This district cannot furnish data for reply.

No. 22.—The people are perhaps addicted to hoarding—a practice common to those of all nations who live within the memory of turbulent periods.

No. 23.—A Gold Mohur Currency would be popular.

No. 24.—Yes, I think such coins would find favor.

No. 25.—It probably would.

No. 26.—Yes, I think so.

No. 27.—The shroffs appear to wish for silver, gold, and paper.

No. 28.—Bricks of gold come to Rewary. No data to enable me to reply to the latter portion of the query.

No. 29.—Yes, at Rewary.

No. 30.—Jeypore (chiefly), also Mahomedshahee, Alumshahee, Nanukshahee, Muksoodabadee, Bhurtpore, and Lucknow.

Nos. 31 and 32.—They generally pass for intrinsic value.

From the Deputy Commissioner, Goojerat,—dated the 20th March 1866.

In reply to your Circular of the 16th ultimo, regarding the working of Act XIX of 1861, I have the honor to submit a paper prepared with much care by Mr. H. Steel, Assistant Commissioner in charge of this treasury, which contains the answers to the several enquiries made by your Commission.

I concur generally in the views expressed by the Assistant Commissioner, but am disposed to think that the Government currency notes are more readily received and are more freely circulated than perhaps Mr. Steel is aware of. The orders of Government, which direct that currency notes may be received in payment of revenue and of all other claims of the Government, and also in payment of supply bills and of public service and privilege remittance transfer receipts, tend to give general confidence in regard to these notes.

I am very decidedly of opinion that the proper plan to prevent depreciation and to ensure the free circulation of currency notes would be to have one universal note for all India. I would also allow *every* treasury in India to cash notes to a certain amount monthly, the amount for each treasury to be fixed according to the probable available cash balances in the treasury. The smallest treasuries might cash notes to the amount of Rs. 2,000 monthly, in addition to receiving notes in payment of revenue and of other claims of the Government, and larger treasuries, notes to larger amounts in proportion.

I am averse to the introduction of the 5-rupee note; it is not wanted. Postage stamps meet all note requirements for so small a sum. The 5-rupee note would only injure the post office revenue in so much that the circulation of postage stamps for small amounts really tends to a greater expenditure of postage stamps; the introduction of a 5-rupee note would stop this circulation of postage stamps, and thereby decrease the expenditure.

From the Assistant Commissioner in charge of the Treasury, Goojerat,—dated the 17th March 1866.

In answer to the questions forwarded to this treasury on the subject of a Government Paper Currency, I have the honor to send the following reply.

No. 1.—Yes; but their circulation is not as yet very extensive.

No. 2.—The large notes very often cannot be cashed, except at a discount of from 4 annas to 8 annas per cent., owing to their having to be sent to Lahore to be cashed.

No. 3.—The notes may be bought at par for silver, but silver may not be paid from the treasury in exchange for notes, except at the Lahore centre of currency circle, or in the case of *bonâ fide* travellers requiring cash. In *all* payments into a treasury, or for purchasing bills of exchange, notes may be received at par.

Vide Accountant General Punjab's Circular, No. 155 of 1864

No. 4.—I am decidedly of opinion that these facilities are far from being adequate. The means I should recommend to increase them are the following:—Let all notes of Rs. 50 value and upwards be convertible for cash at all the district sudder treasuries: a small discount, say 2 annas per cent., might be charged on this, as it would be considered in the light of a favor, and only to prevent the inconvenience of the notes having to be sent to Lahore to be cashed. From this fund of discount thus paid, a small additional stipend might be paid to the English treasury clerk, who would be expected to keep a register of all notes thus received, so that their numbers could be traced through the office. If it was found on trial that notes accumulated by this method, or that Natives did not increase their demand for them, I would forego the discount on cashing them altogether, and make Government pay the additional small stipend, say Rs. 10 or Rs. 15 per month, which would be incurred. My belief is that, when the Natives found that notes were convertible at all district treasuries, the confidence with which they received those of a higher value would be greatly increased, and that far from there being any rush to cash notes at any treasury, the only result would be, owing to increased confidence, the greater circulation of notes among the Native bankers and others. I would have every note so cashed endorsed by the payee, and in cases where the payee was not known, the cashing to be optional, as this would be a safeguard against forgery. The treasurer, however, who would keep a check vernacular register of notes would be at once able to recognize any forgeries by the water-mark. I do not think that notes for Rs. 20 and 10 need be cashable at other treasuries than the centres of currency, as I am told that these readily pass from hand to hand at par.

No. 5.—I consider the present arrangement of circles is not sufficiently extended. I would have one currency note for the whole of the North-Western Provinces and Punjab, and allow this to be exchanged at par for notes of the Bengal proper circle at all the present centres of currency *only*.

No. 6.—I would not increase the number of circles, but, as stated above in answer No. 4, I would have each note of Rs. 50 and upwards convertible on demand in district treasuries.

No. 7.—The bankers in this district have none of them such extensive dealings as to be ble to give an opinion for or against the adoption of one universal note. I myself do not perceive any great good to be gained by any such universal note, convertible only at the Presidency towns. The one thing at present to be impressed on the Natives, in the introduction of the Paper Currency system, is the convertibility of the notes, especially those of higher values. When once they have found, especially the second class bankers and traders, that the notes can be converted into cash at the district or divisional treasuries, their circulation will be greatly increased. It is no want of confidence in Government that prevents the Natives adopting largely at present the Paper Currency; it is only the expense incurred by sending the notes to be cashed at the centres of issue.

No. 8.—All the merchants concur with me in saying that there would be no advantage gained by a note of 5 rupees.

No. 9.—No.

No. 10.—Notes are very much used for remittance purposes; indeed, at present, this seems to be the chief reason for the notes being in demand at all from district treasuries, at least those notes of the higher values.

No. 11.—Yes, always; but they say that they would not exact a discount if they could be certain of getting notes changed on presentation at any district treasury, and that it is on the higher values of notes that at present such discount on cashing is most commonly charged.

No. 12.—Here I am told they do not. They say it would not be worth while.

No. 13.—Yes, most decidedly.

No. 14.—If the cash in this treasury, from a run on cashing notes, were to become very low, application would be made to the Lahore Treasury. Treasure would thence be despatched by bullock train, and would arrive in four or five days at the outside.

No. 15.—Not as yet; the demand for notes has been very small.

No. 16.—None.

No. 17.—Very few old Company's mohurs are found here, and these are chiefly kept by bankers in hoard; their value is according to weight only; they are not in any degree current coin.

No. 18.—The English sovereign sells at 2 or 3 annas over Rs. 10, never below Rs. 10. They are in great demand; but only, I hear, for melting down, extracting the alloy, and hoarding as bar gold or making into jewels.

No. 19.—The Australian sovereign is not found here at all.

No. 20.—I do not know the value the English sovereign bears in the Presidency towns at present.

No. 21.—Not known.

No. 22.—Gold is very much hoarded here, and also esteemed for the purpose mentioned in answer 18, *viz.*, melting down. At present gold has not at all come into circulation here.

No. 23.—The bankers are all very desirous of a Gold Currency, but it could only be made general, and hoarding or conversion of the Rs. 10 pieces stopped by lessening their weight and value, or by limiting the issue and weight of the silver issue, as is done in England.

No. 24.—I am of opinion that gold coins would certainly be viewed with more favor by natives, for most purposes, than notes of equal value.

No. 25.—I believe that gold would be held as a reserve by traders, and that notes would pass current; but only on the conditions of convertibility of the higher values of notes at all the divisional treasuries, and the decrease of the Rs. 10 or other gold coin to a less value than silver coins of same value.

No. 26.—I am not prepared to say.

No. 27.—The large shroffs here (though there are none of the first class) all incline to the triple currency, in the present state of convertibility of Paper Currency; but say that they would prefer Paper Currency to any other, if they were sure of cashing notes at all sudder district treasuries on demand.

No. 28.—Bar gold does not circulate here.

No. 29.—Only a few Native gold mohurs are found, and these are mostly used for ornament, not as current coin.

No. 30.—Company's and old Native mohurs, value Rs. 16 and up to Rs. 17, according to demand and purity of gold; Bokhara, Rs. 7; Jeypore, Rs. 16; Kaldar, Rs. 20; Akbar's gold mohur, Rs. 17.

No. 31.—These all pass for intrinsic value.

No. 32.—They do not bear an artificial value.

From the Treasury Officer of Goruckpore,—dated the 16*th March* 1866.

I have the honor to submit my replies to the questions mooted in your Circular dated 16th February 1866.

No. 1.—Not at their full value; a discount of one per cent. is usually charged.

No. 2.—The reason seems to be their inconvertibility at the local treasury. It is argued, if Government will not convert the note into cash, it cannot be worth the value it represents.

No. 3.—Except when the stock is at the minimum, notes are not cashed. Notes are given freely in exchange for silver, though a check has been put on this by circular No. 5, Accountant General, dated 15th August 1865.

No. 4.—I think the treasury officer should be vested with discretion to pay all notes presented for payment. This would have the effect of increasing the market value, and give an impetus to the increased use of them.

No. 5.—No; it seems to have the effect of retarding the circulation.

Nos. 6 and 7.—I would recommend one universal note for India, convertible *of right* at certain specified treasuries and Presidency towns, and convertible at *all* treasuries at the discretion of the treasury officer.

No. 8.—I think 5-rupee notes would be hailed as a great boon, as they would be more handy for small payments, &c. Domestic servants and others would use them for sending money home to their families.

No. 9.—Possibly the 5-rupee note would have a greater circulation, because it would be within the reach of the lower classes.

No. 10.—Yes; of late there has been a falling off.

No. 11.—I believe it is.

No. 12.—I have not been able to gain any information on this point.

No. 13.—They prefer notes to hoondees, as far as I can judge.

No. 14.—No facilities. The closest district is Azimgurh, and it would take at least three days by bullock tumbrils to get money; but I would first have to ask for the Accountant General's orders, and I could not obtain a treasure remittance from another treasury without his special sanction.

No. 15.—There was some delay last year, and some demands for notes had to be refused.

No. 16.—No reason.

No. 17.—Rs. 15.

No. 18.—Rs. 10.

No. 19.—Rs. 10.

No. 20.—Higher in Moffussil.

No. 21.—The cost of bringing them from Calcutta.

No. 22.—The people are fond of gold for the purpose of hoarding, and the mahajuns for circulation.

No. 23.—Yes.

No. 24.—For purpose of circulation, gold coins would find more favor than notes.

Nos. 25 and 26.—Yes; if the notes and the gold coins are of equal values.

No. 27.—Yes, they like all three.

No. 28.—Very little, except the usual test of the touch-stone.

No. 29.—Not much.

No. 30.—Moorshedabad, Rs. 19, greatest in circulation; Azimabad, Rs. 15-12; Delhi, Rs. 16, best gold.

No. 31.—Yes.

No. 32.—No; according to the value of the gold.

I would also suggest that no old notes should issue from the treasuries or offices of issue. That when once converted at the treasury, they should be destroyed and not re-issued, as is the practice, I believe, in the Bank of England.

From the Officiating Deputy Commissioner, Gowalparah,—dated the 6th April 1866.

In pursuance of the instructions conveyed in your circular of the 16th of February, I have the honor to annex my replies.

No. 1.—Government currency notes are received and paid by Natives, but at a certain rate of discount according to the demand for money in the bazar.

No. 2.—There is no fixed rate of discount. The discount is charged according to the demand in the bazar for silver. The reason of the depreciation of value in this district is, because the trade is in a great measure carried on with Garos and other hill tribes, to whom a note would be of no use.

No. 3.—Every facility has been given to the Native merchants to exchange the Government currency notes for silver and silver for notes, whenever they like.

No. 4.—These facilities, I consider, are quite sufficient.

No. 5.—As good a plan as could be adopted.

No. 6.—I do not see there would be any object gained by increasing the number of circles; notes are issued now from the chief local treasuries within each circle, and convertible on demand.

No. 8.—Yes, because such a note would find favor with the Natives, and enable them to remit trifling amounts.

No. 9.—Yes, 5-rupee notes would have a large currency on the ground above stated.

No. 10.—In this district, the Marowar traders generally obtain their remittances by means of notes.

No. 11.—Yes, but there is no fixed rate of discount charged.

No. 12.—This practice is not prevalent in this district.

No. 13.—The bankers prefer hoondees to notes for remittance owing to the difficulty experienced by them in recovering the value of the notes if lost.

No. 14.—When the treasury runs short of silver owing to a large number of notes presented for cash, the officer in charge of the treasury applies to the Accountant General to send a remittance from the nearest treasury.

Nos. 15 and 16.—No instance of this nature has occurred up to date.

No. 17.—The average value of the Government gold mohur is Rs. 16.

Nos. 18 to 21.—None here.

No. 22.—For the purpose of hoarding only.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—When the people become accustomed to it, a Gold Currency would help the circulation of the notes.

No. 26.—Yes.

No. 27.—The large number of shroffs and dealers prefer a currency of all three combined.

No. 28.—Bar gold is sold in considerable quantities, but there are no means adopted for ascertaining its purity.

No. 29.—No.

No. 30.—If this refer to the preceding question, the answer is the same, otherwise the gold mohurs are—Akburshah Mohur—and Raja Mohori.

No. 31.—No, there being very few, they pass for an artificial value.

No. 32.—Yes, according to their respective denominations.

From the Deputy Commissioner of Gowhatty,—dated the 10th March 1866.

No. 1.—Yes.

No. 2.—Answered by No. 1.

No. 3.—Every reasonable facility appears to be given for the issue of currency notes for silver, in the rules laid down for the issue of Paper Currency; but in the exchange of silver for currency notes, it appears that the restriction to small sums to accommodate travellers and private parties is narrow and vague.

No. 4.—For the issue of notes, sufficient; but not for exchanging silver for notes. I would suggest that silver might be given in exchange for notes to the same amount as the average value of notes issued; thus, if the average value of notes issued each month be Rs. 10,000, then the treasury officer to have power to cash notes to the amount of Rs. 10,000.

No. 5.—I do not consider the present arrangement of circles calculated to promote the reception of currency notes.

No. 7.—I would prefer having one note for all India, such note to be convertible at certain specified treasuries, making the number of these treasuries as numerous as possible, on the principle that a currency note, to be popular with the Natives, should be rendered as capable of being converted into cash as possible; and that a general note would be much more likely to take the place of the hoondees now used as a means of remittance, and of cash sent by hand, than a note the convertibility of which is limited by the circle.

No. 8.—No; the issue of 10-rupee notes in this district is smaller than that for larger sums, and from that I would infer that notes for 5 rupees would be still less in demand.

No 9.—No.

No. 10.—No, not much used.

No. 11.—Not in all cases. In this district notes are cashed at par (according to my information); but I am aware that, in Upper India, as much as 2½ per cent. is some times charged for cashing notes.

No. 12.—No such plan of making money is reported to exist; but when notes were at 2½ per cent. discount, as mentioned in last answer, the mahajuns bought up notes.

No. 13.—Notes are preferred, more especially by such Native bankers as have become accustomed to their use.

No. 14.—At this place there appear to be few facilities for communicating with any other treasury from which a large amount of silver could be obtained.

No. 15.—No.

No. 17.—Rs. 16-8 to Rs. 17.

No. 18.—Rs. 10.

No. 19.—Rs. 10.

No. 20.—Yes.

No. 21.—They are bought either to hoard or make into jewellery, and the purchasers on that account are willing to give a little more for them.

No. 22.—They are fond of gold for hoarding, but do not care for having it for circulation.

No. 23.—I do not believe they have any wish for a Gold Currency; but were there such a currency in common use, they would, no doubt, appreciate the probability of gold.

No. 24.—Yes, until the ideas of ordinary Natives as to Paper Currency are much enlarged.

No. 28.—No bar gold is reported to circulate in this district.

No. 29.—No.

No. 30.—The old Company's gold mohur; the Akbarce; the Rajah Mohuree, the latter of which weighs 8 pies less than the first-named two.

No. 31.—They fetch slightly more than their intrinsic value, when they are bought up for hoarding and making into jewellery.

From the Deputy Commissioner of Hazara,—dated the 15th March 1866.

In acknowledgment of your Circular of the 16th ultimo, I have the honor to reply to the queries therein contained *seriatim*, as follows.

No. 1.—Natives of this district very seldom as yet receive and pay away Government currency notes in private monetary transactions.

No. 2.—The reason seems to be that the notes are not very readily accepted in the Government treasuries. The average rate of discount is 3 pie to 6 pie per rupee.

No. 3.—Currency notes are exchanged for cash at the treasury when presented by travellers, &c., agreeably to Government notification, dated 22nd March 1862, and Accountant General's (Punjab) circular, No. 159, dated 23rd December 1864.

No. 4.—It seems desirable that notes should be cashed at treasuries on presentation by any party. Without this, a lurking suspicion will always remain in the Native mind as to their real value.

Nos. 5, 6, and 7.—From the inquiries I have made, the general impression appears to be that one universal note for all India would be preferable to the present system of circles; but unless increased facilities for cashment at Government treasuries are afforded, the circulation of notes will be comparatively small.

No. 8.—Some Natives appear to think that the issue of a 5-rupee note would be advantageous and convenient in transactions of a limited nature.

No. 9.—The currency of 5-rupee notes would, doubtless, be great amongst the less opulent portions of the Native community, when they came fully to understand the objects of a Government Paper Currency, which, for some time, would be obscure to them, as they still are.

No. 10.—Notes are seldom or never used by shroffs and Native brokers in this district for purposes of remittance.

No. 11.—I believe they exact discount in all cases of cashing notes; but, as already stated, notes are as yet little used in this district, except by European servants of Government.

No. 12.—Occasional instances have come to notice in which shroffs buy up notes at a discount, for the purpose of sending them to be cashed at the head quarters of circles; but the practice does not exist as a rule.

No. 13.—They prefer their own hoondees for remittance purposes, as they are easily renewable if lost; whereas the replacement of lost or spoiled notes is deemed to be a matter of great difficulty.

No. 14.—Application would be made to the Rawul Pindee treasury, as the nearest, to replenish the Hazara treasury in such a case. A good road for carts or camels exists between the two stations.

No. 15.—The treasury has never yet failed to meet the demand for notes from any such cause.

Nos. 17 and 18.—No Government gold mohurs are obtainable in the bazars of this district, neither have English sovereigns yet reached them.

No. 19.—The Australian sovereign has never been seen in these parts.

No. 22.—Yes, the people are fond of gold for both purposes, if they could avail themselves of it.

No. 23.—The Natives express an ardent desire for a Gold Currency.

No. 24.—Gold coins of the values specified would certainly be more appreciated than notes.

Nos. 25 and 26.—It is scarcely possible to reply satisfactorily to these questions without having had some experience of a Gold Currency.

No. 27.—There are no shroffs of great wealth in Hazara; but it is undoubted that all dealers would appreciate a Gold and Silver Currency, and might in time become more favorable than they now seem to a Paper Currency.

No. 28.—No bar gold is obtainable here, but round balls of gold from washings on the banks of the Indus and its feeders in the higher ranges are brought down in small quantities by Natives, and exchanged for articles of clothing.

No. 29.—Native gold mohurs are to be found in considerable numbers with shroffs and wealthy Hindoos, but they are used more for hoarding than currency purposes.

No. 30.—Those most common are the Furruckabadee mohur of Shah Alum; Jeyporee of Shah Jehan, of Rs. 16 and Rs. 16-4, respectively; coins known as Tilla Bokharee, value Rs. 6-5, are brought down in considerable numbers by traders from Central Asia; as also some Russian Boodkees, value Rs. 5-8, and Russian imperial coins, value Rs. 8-4.

No. 31.—The Jeyporee, Tilla Bokharee, and Boodkees pass for intrinsic value, but the others for less, according to the quantity of alloy contained in each.

No. 32.—In conclusion, it may be noted that there are no large commercial marts in this district. The few towns of any trading importance contain shroffs and Native bankers of moderate means, whose dealings are chiefly with independent Central Asian territory, and as a trading community, they would doubtless, in a short time, readily fall into any system that might be introduced for the empire generally.

From the Deputy Commissioner, Hazareebaugh,—dated the 8th March 1866.

With reference to your Circular of the 16th February last, I have the honor to submit the following answers to the questions therein contained.

No. 1.—Government currency notes are not readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—The difficulty of obtaining cash for the notes is the reason why they are at a discount, ranging from 12 annas to 1 rupee per cent.

No. 3.—Under the Board's rules, officers in charge of treasuries are strictly prohibited from giving change for notes, except to travellers, and to the English residents of the station, in small sums.

No. 4.—These facilities are not sufficient. I consider that, for some little time to come, the treasury officers should be permitted to cash notes freely, particularly notes of the smaller denominations. There would undoubtedly be at first a loss to Government, but it would be inappreciable after a little time; for, when the Natives, particularly the lower classes, saw that they experienced no loss in changing their notes into silver, they would get habituated to receiving them and passing them to each other. There is, however, one great difficulty in the way for getting the Natives accustomed to notes, and that is their great ignorance. They cannot distinguish one note from another, as they, for the most part, cannot read the figures on the notes, and they naturally dread being taken in. This difficulty might, perhaps, be met by issuing notes of a different color for each denomination.

Nos. 5, 6, and 7.—I believe that there ought to be only one note for each Presidency of Madras, Bengal or Bombay. Treasury officers should be permitted, as I have before said, to cash the notes of the smaller denominations for all parties freely, and also notes of the higher denominations for all *bonâ fide* travellers. Natives would not then hesitate in taking notes from the treasuries or from their masters. Masters, again, would, when receiving their pay from the treasuries, never hesitate to take notes and pay them away to their servants or to the shop-keepers. I consider that the less restrictions are imposed and the greater freedom given to Natives in cashing their notes, the more speedily and the more readily they would take to the notes. Parties travelling, pilgrims, &c., would be induced by these means to take notes with them instead of coin, when passing from one place to another. By these means, I believe that

we should find, after a short interval, that the number of notes in circulation in each district would be almost fixed, and that the demand for silver would be, by an equal amount, diminished.

Nos. 8 and 9.—I would not propose a note of 5 rupees. I do not think it would have any greater circulation than the 10-rupee note.

No. 10.—Shroffs and bankers will not, if they can avoid it, use notes for the purposes of remittance, because of the difficulty in recovering notes when once lost; whereas when a hoondee is lost, a duplicate can be obtained. Europeans are much more in the habit of using notes as a means of remittance; but, owing to the restrictions placed on cashing notes, even now they begin to refuse to receive them, as entailing loss and trouble in cashing.

No. 11.—All shroffs and Native bankers exact a discount for cashing notes.

No. 12.—This question is answered in No. 10. It does not pay.

No. 13.—This question is also answered in No. 10.

No. 14.—I always apply for a silver reserve, whenever necessary, to the Accountant General. The nearest railroad is situated 80 miles from this station; roads, very good.

No. 15.—I have never met with any difficulty in obtaining notes on indent.

No. 16.—Answered in 15.

No. 17.—The Government gold mohur is purchased by the shroffs at Rs. 15-8 each, and sold for Rs. 16.

No. 18.—The English sovereign is bought in the bazars at 8 annas discount, and sold for full value.

No. 19.—Australian sovereigns, the same as the English sovereigns.

No. 20.—Much depends upon the richness or poverty of a place. In this poor district the value of gold is scarcely understood; in rich places gold would be bought up eagerly.

No. 21.—When gold is at a premium, the cause is that it is much used for making into jewellery.

No. 22.—The people of this district are too poor to hoard gold, but they would certainly do with it what they now do with silver when more accustomed to it.

No. 23.—Nine out of ten Natives do not understand the meaning of a Gold Currency. They fancy that, if a Gold Currency were introduced, the rupee would be done away with, but I believe they would take to it readily if introduced.

No. 24.—Certainly, the Natives would prefer the gold coins to paper of equal value.

No. 25.—I am of opinion that a Gold Currency would help the establishment of a Paper Currency. It ought to have been issued simultaneously with the paper, or to have preceded it; Natives would then have better understood their interests.

No. 26.—It would, because there would be greater facilities in obtaining supplies of gold,—a small quantity representing so large an amount of silver.

No. 27.—As I have before said, the shroffs in this district do not understand anything about currency. The opinion is general, that Government wish to do away with the rupee altogether. The shroffs are the greatest obstruction.

No. 28.—Bar gold is very little used here. The Natives prefer buying the gold leaf of 100 leaves to the tolah, and melting the leaves down. If any suspicion of the purity of bar gold is entertained, it is rubbed on the test stone and then pierced through and put on a charcoal fire.

No. 29.—No, gold mohurs are only purchased from mahajuns and others when required to be presented as *nuzzurs*, or when a betrothal occurs, and such ceremonious occasions.

No. 30.—1, Sirkarree; 2, Akburree; 3, Jeyporee; 4, Guinea; 5, Dukhinee.

No. 31.—Answered in No. 17.

No. 32.—No difference is made by the mahajuns. They purchase each and every kind of gold coin at 8 annas less than the value, and sell for full value. The Native gold mohur is preferred, for presentation on ceremonious occasions, to the Government gold mohur, but no ostensible reason is given for this preference beyond *dustoor*.

From the Deputy Commissioner, Hissar,—dated the 27th February 1866.

Nos. 1 and 2.—Currency notes are not much used in this district. Natives engaged in the salt and sugar trade are the people who chiefly employ them. They receive the notes from their correspondents, and immediately pay them into the Government treasuries. Again; when hoondeean is exceptionally high, or when there is a general distrust of the solvency of some great houses (as was the case during the cotton trade panic), currency notes are bought for remittances. Except as above, I may say they are not used. No discount is ever charged.

No. 3.—Silver is not given in exchange for currency notes at this treasury. But notes are always available in exchange for silver. A merchant, on office days, has only to apply to the *kazanchee* at the treasury, who has always a supply of notes by him ready to meet such demands.

No. 4.—*Nil.*

No. 5.—No, I do not think the present arrangement calculated to promote the reception of a Paper Currency.

No. 6.—I think increasing the number of circles would increase the drawback to a currency—no matter what number of offices of sub-issue were established.

No. 7.—But after consulting influential and intelligent bankers and merchants, I think an universal note would best meet the requirements of the public. As to establishing more circles. It is evident if the notes of each circle are not received in any other circle, that the utility of the notes is lessened. The greater the number of circles, of less value are the notes. The drawback of the present system is, that there are not a sufficient number of treasuries at which notes are convertible into silver. It is on this ground the Natives object to use the notes. But if one universal note were issued, and four treasuries were told off at which the notes might be converted into cash, the Natives would take them willingly enough. The four treasuries should be, I think, Delhi, Lahore, Mooltan, and Peshawur. The mercantile community are very emphatic in asking for easy and immediate means of converting the notes into cash. The Government, of course, cannot allow notes to be cashed at all treasuries; but, undoubtedly, the more treasuries at which notes can be cashed, the greater will be the success of the Paper Currency scheme. The merchants of Bhewany plainly say the notes are of no use to them. Their correspondents reside chiefly in Rajpootana and the North-Western Provinces, in neither of which countries are Punjab notes a legal tender. There is also a small trade with Kurrachee, as also with Bombay. Now the Bhewany trade finds employment for about a crore of rupees a year. Of the trade four-fifths is with Rajpootana and the North-Western Provinces, and one-tenth with Bombay, so notes are not available for the places with which it has the greatest trade. Were universal notes introduced, the merchants of Rajpootana would readily accept them, as they could be used for any part of India. The discount charged on them would then be very small.

No. 8.—Experience in England has proved that notes for small amounts do not answer. I would not, therefore, propose that notes of 5 rupees should be issued. Further, the facilities for passing forged notes of small amounts are greater than for those of larger amounts. The notes generally fall into the hands of the poorer and more ignorant classes, and the cheat is seldom discovered. A clumsy imitation would pass unchallenged; but notes of large value are more closely scrutinized. Besides, the notes are chiefly required for remittances at present. Might it not, therefore, be well to meet the greatest demand only, and issue no notes of less value than 100 rupees? If notes for smaller sums were wanted, they could be printed hereafter. For sums under 100 rupees, treasury drafts could be granted on the same principle as that on which post office money orders are granted in England, and now in some parts of Bengal.

No. 9.—No, I do not think so.

No. 10.—Yes, as noticed above.

No. 11.—Never as a rule. Some ignorant persons are cheated.

No. 12.—No, in this part of the country they cannot, as no discount is allowed.

No. 13.—Very seldom. Of course, they occasionally use them when they get any profit by doing so.

No. 14.—Notes are not cashed in this treasury. If the question refers to the various Government demands being paid in notes instead of cash, I need only say we remit about one and a half lakh of rupees a year in cash to other treasuries. If we found the cash running short, we should apply to the Accountant General, Lahore, who would order a supply from Rohtuck or Sirsa, about 55 miles each from this station.

No. 15.—On the contrary, notes to a large amount have been paid in. At first starting we received Rs. 30,000 worth from Lahore. Since then we have not received any from any office of issue, yet we have remitted Rs. 1,36,000 worth to other treasuries, and have Rs. 15,340 worth on hand, so that Rs. 1,21,340 worth have been paid into this treasury in 17 months.

No. 16.—*Nil.*

No. 17.—The Government gold mohur is like wheat. The price is a totally different thing when bought and when sold by the bunniah. The Government gold mohur is bought by shroffs at Rs. 15-12, or Rs. 15-14, and sold at Rs. 16, Rs. 16-2, and Rs. 16-4. The average bazar price may be taken to be Rs. 16-2.

Nos. 18 and 19.—The English and Australian sovereigns are each worth from Rs. 10 to Rs 10-2. The price went up to Rs. 11 when His Honor the Lieutenant Governor passed through the district, and sovereigns were required for *nuzzur*. There are very few, and they are chiefly looked upon as curiosities.

Nos. 20 and 21.—Yes. From the above answer it seems they do, but only on account of their scarcity.

No. 22.—Gold is seldom used as a circulating medium; but the Natives are very fond of hoarding it, and making it up into bracelets, &c. For hoarding it is of course preferred to silver, as it packs into such a much smaller space.

No. 23.—They would decidedly. Of that there cannot be a doubt. In fact, they have a kind of Gold Currency, for "bricks" are passed from hand to hand, but they allow that this is a very clumsy currency.

No. 24.—If gold coins of 15, 10, and 5 rupees value are coined, the Natives will not look at notes of the same value. This only alludes to their wishes at present. They say notes are only used as remittances, and for that purpose notes of small value are comparatively useless.

No. 25.—No. As shown above, I think a Gold Currency would tend to restrict the use of notes. The coin would be bought up. Indeed, my informants (one of whom, a leading merchant here, showed wonderful sagacity during the cotton crisis) seemed to think that, if the notes were at all forced into circulation, the price of the gold coin might rise. By this I understood them to mean that the merchants would hold tenaciously to the gold. They certainly are not willing, as things now stand, to use the notes in their daily transactions.

No. 26.—I am sorry to say I do not see how this treasury can be assisted by a Gold Currency in converting the notes into cash. I am even doubtful whether I understand the question.

No. 27.—The wish is for a Gold, Silver, and Paper Currency the gold and silver for daily cash transactions, the paper for remittances. They say a Gold Currency will help them, and a Paper Currency will do them no harm. On the contrary, it may occasionally be useful.

No. 28.—Yes. As stated above it is used, but to no great extent. The testing is done by a *sonar*, who files the "brick" and applies *aqua fortis* to the cut. Gold leaf from China also passes current, and is looked on as remarkably pure and of a more convenient form than bar gold.

No. 29.—Yes, necessarily so. This district is almost entirly surrounded by Native States, and the merchants are forced to accept payment in foreign money.

Nos. 30, 31, and 32.—There are only two gold mohurs of commerce, *viz.*, the old and new Jeypore. Other denominations are used, but the number is so small that no notice of them is necessary. The average values of the Jeypore mohurs are, respectively, Rs. 17-10 and Rs. 17-2. The old is always of about 8 annas more value than the new. The value fluctuates, as does that of all coin in India, except that coined at the Government mints; but the above is about the intrinsic, not artificial value.

Remarks.—The district of Hissar contains about 3,50,000 inhabitants. The land revenue brings in Rs. 3,25,000, and the customs duties on salt and sugar passing through Bhewany—the largest town in the district—amount to Rs. 25,00,000, or Rs. 30,00,000. Hissar and Hansee are towns of a population of 10,000 each, and Bhewany of 40,000, about one-eighth of which is a floating population of cartmen, camelmen, gomashtas, &c. The rest of the district is certainly agricultural or pastoral. There are no other marts or large towns.

The merchants are strongly in favor of a Gold Currency and want greater facilities for cashing notes at Government treasuries, *i. e.*, they want more treasuries where notes may be cashed. They also want one universal note and no circles.

From Assistant Collector in charge of the Hooghly Treasury,—dated the 17th April 1866.

I have the honor to submit the following answers to the questions contained in your circular of 26th March 1866.

The delay in my reply has been occasioned by my having had to attend the half-yearly examination at Calcutta

The following are the answers, numbered according to the questions.

No. 1.—Government currency notes are at all times readily paid away by the Native community. By the more wealthy portion, they are received at their full value in private monetary transactions. But they are not *exchanged* for cash at their full value, as a rule, though they are taken at full value in whole or part payment of a commodity bought. A common ryot, however, I believe, could in no way be induced to take a 10-rupee note for 10 rupees in silver: I believe he would prefer 5 rupees in silver to the 10-rupee note.

No. 2.—The following are among the reasons for the depreciation of the note:—It is of no intrinsic value; it is viewed with distrust; it is more liable to be forged, and to escape detection when forged; it is not satisfactory for the purposes of hoarding; the trouble of signing the name, &c. (an almost invariable practice), when given in exchange for commodities; it is liable to be easily lost or destroyed; among the poorer classes the utter impossibility of obtaining in cash anything like the nominal value of the note in exchange for it; the inability to get it cashed on demand at Government treasuries; the treasury laws prohibiting this except to a very limited extent, a most potent cause of distrust, engendering, as it must, the notion that Government dishonors its own liabilities. There are, however, certain advantages derived from the note which go a long way to counteract this tendency to depreciation. Diminution of bulk and weight and facility for transport are among the chief of these. Among the very poor, all the depreciating causes exist in full force, and there is in their case no room for any of the counteracting influences. But as wealth and civilization increase, so these counteracting influences are brought more and more into play; and such is their weight among

the really opulent portion of the community that they entirely counteract the depreciating causes. It is, then, only among the poorer classes that we see the note depreciated to any great extent. Among the trading portion of the community, a note will seldom be exchanged for cash to the amount of its full nominal value, unless the party obtaining the note and parting with the cash is the *obliged* party. Why? Because it is here only that among the more wealthy classes, all the depreciating causes come to bear without any of the counteracting influences coming into play. For in this case, the note is not wanted for transport, and the benefit of diminished bulk and weight is not sought for. The consequence is that the note becomes depreciated. Its measure of depreciation is, I believe, for a 10-rupee note, 2 pice, and above 2 annas for a 100-rupee note, diminishing according to the extent of the transaction.

No. 3.—Officers in charge of Government treasuries always allow the *issue* of notes in exchange for cash, but they are prohibited from *cashing* notes except to a very limited extent by the following treasury rule:—"Unless specially authorized by the Accountant General to adopt a different practice, *treasury officers may not cash currency notes* except in small sums as an accommodation to private parties or travellers."

No. 4.—I do *not* think the facility afforded for cashing notes sufficient. I think they should in *all* cases be received readily and cash given in exchange (care being taken to ascertain the genuineness of the note), the only limit to such exchange being the maintenance of the necessary amount of cash in store. This should be the rule in *all* Government treasuries. Were such the case, I have no doubt that it would greatly increase the confidence of those who are now the most apt to distrust the note. To their minds, the present system must strongly resemble a refusal by Government to meet its liabilities. Perfect confidence in the exchangeability of the note at least by the issuers of it can be the only firm foundation on which to create a Paper Currency; without that the note circulation can never flourish; and that confidence does not at present exist. Every bar to it should be removed; but what greater cause for distrust could exist than the refusal of Government, as represented by the Government Treasury, to cash its own note? At *one* treasury, in say every 100 or 200 square miles, payment of the note should be compulsory; at all others, it should take place if the balance of cash in hand be sufficient.

No. 5.—I am *unfavorable* to the present arrangement. The note of *another Presidency* can only be paid into the Presidency treasury; it is not taken in payment in Mofussil treasuries. A note of *another circle* can indeed be received in payment at all Government treasuries in that Presidency; but such a note, unless required for the purpose of remittance, is always objected to by private individuals, because the payment of it is only compulsory at the head office of issue. The more ignorant the individual, the more prejudiced is he against such a note; and it is just these whose confidence requires to be won. It appears to me that the present arrangement, without causing the note of the circle to circulate in that circle with any greater confidence, simply tends, as regards notes of other circles, to give increased force to the depreciating causes in exchangeability and distrust.

No. 6.—The provisions alluded to in this question could only lessen, not do away with, the objections specified in 5.

No. 7.—I would adopt this plan. An universal note (which all treasuries should be bound, if not inconvenient, to cash, and which at least *one* treasury within an available distance—say 100 or 200 square miles—should be *compelled* to cash on presentation) could not fail to inspire increased confidence. It would at least be leaving no stone unturned. It may be urged that this arrangement would necessitate an immense reserve of silver at many treasuries;—but with this I do not agree for the following reasons:—

1st.—As a rule, *heavy* payments are not demanded in cash.

2nd.—The probability of a drain of silver for *cashing* notes (for *this cashing* would be the only point in which the *present* payments of silver would be exceeded) could always be

guessed at, and the amount indented for either from the Presidency or the chief treasury of that 100 square miles (as alluded to above).

3rd.—It would only be a sub-division of the present reserve of silver.

4th.—The introduction of a Gold Currency (a step that cannot be long delayed) would, by decreasing weight and bulk, greatly facilitate cash remittances, when such might be necessary for the purpose of meeting notes presented for payment.

The following are the propositions I would make—

1st.—That the present arrangement of circles be done away with.

2nd.—That there be one universal note for all India.

3rd.—That the conversion of this note on demand be compulsory at the Presidency towns and at certain specified Government treasuries—say *one* in every 100 or 200 square miles.

4th.—That at all other Government treasuries, the note should be *readily received* in *payment*, and also in *exchange for cash*; with the proviso that this exchange be not *compulsory*, but be the rule as far as the cash balances will permit with safety.

5th.—That a list of such minor treasuries be drawn up, distinctly stating to which of the aforesaid specified treasuries they are to apply for cash and note remittances when they require such.

6th.—That any minor treasury expecting the presentation of notes for conversion to a greater extent than its cash balances could meet, or a greater demand for notes than the stock in hand could meet, should immediately indent on the aforesaid specified treasury to which it is subordinate.

7th.—That to meet this demand an average reserve of (? 5) lakhs of rupees in cash should be maintained at each of such specified treasuries, and a reserve of notes sufficient to meet all probable demands. This reserve to be replenished from time to time by indents on the Presidency treasury.

8th.—That there be only *one* head office of issue; that to be at Calcutta; and to that head office all notes to be eventually returned.

9th.—That in no case (except in case of suspected forgery, &c.) should a person presenting a note of the value of Rs. 20 and under, at a Government treasury, be required to sign his name, a practice now in vogue, or be put to any other inconvenience. This practice, once dropped in Government treasuries, would soon die out in the bazar, where I believe it to be no inconsiderable cause of the depreciation of the note.

No. 8.—No, I would not propose this.

No. 9.—I do not think it would have a larger currency *at present*. The poorer class would be wherever it would obtain circulation. But they at present object to notes of whatever value, and would take a 5-rupee note no sooner than a 10-rupee one. When, however, they begin to accept the 10-rupee note with any degree of willingness, I believe the introduction of a 5-rupee note would tend greatly to increase the circulation of Paper Currency among them. For the richer classes, a 10-rupee note is for all purposes sufficiently low, and to them the introduction of a 5-rupee note would only be an useless increase of bulk.

No. 10.—Yes.

No. 11.—Yes.

No. 12.—From enquiry, I hear that this practice exists to some extent in Calcutta, and also slightly in the Mofussil.

No. 13.—Yes.

No. 14.—By the treasury rules we are forbidden to give silver in exchange for currency notes, except for small sums, in the way of an obligation to private individuals, travellers, and such like. If, however, such a contingency as that supposed in the question under reply should happen, we here have the rail direct to Calcutta, and should apply to the General Treasury.

No. 15.—The treasury has been *unable* to meet the public demand for notes, but not by reason of its indents not having been complied with, but by reason of the exhaustive indents made on it by the Accountant General.

No. 17.—It is not current.

No. 18.—About Rs. 10-2.

No. 19.—About Rs. 10-0-6.

No. 20.—In the Mofussil.

No. 21.—Because in the Mofussil the supply is more limited as compared with the demand than it is in the Presidency towns.

No. 22.—Yes; for hoarding, not for circulation, as few like to part with a sovereign for Rs. 10. They are fond of gold for the purpose of manufacture of ornaments, and this is one of their chief methods of hoarding it.

No. 23.—Yes. If the *intrinsic* value of the gold coin did not exceed its *nominal* value They would, I think, fully appreciate the advantage of diminished weight and bulk.

No. 24.—Yes. Gold coins.

No. 25.—Yes. It would do much towards confirming the convertibility of the note. It would enable a much larger cash value to be kept in hand with much greater ease, and would facilitate the transportation of cash, and this is always an aid to the convertibility of the note.

No. 26.—Yes. Diminished weight and bulk would be a great end attained in the transfer of coin, both as regards the expedition and the saving of trouble. It would enable outlying treasuries to obtain aid much sooner in case of necessity.

No. 27.—As far as I can discover, they would prefer all three—the Silver, Gold, and Paper Currency.

No. 28.—It does not circulate.

No. 29.—No.

No. 30.—1. The gold mohurs of Shah Alum Badsha.
2. The old gold mohurs of Akbar.
3. The new gold mohurs of Akbar.
4. The present gold mohur.

The value of	(2) ...	Rs.	21
	(3) ...	„	18 to 19
	(4) ...	„	16

No. 31.—Yes.

From the Extra Assistant Commissioner, Hooshyarpore,—dated the 27th February 1866.

In reply to your Circular of the 16th instant, which I had the honor to receive on the 23rd, I beg to submit herewith my replies to the questions contained in it. I regret I do not possess sufficient experience in finance to warrant my entering more fully into the subject with any advantage. I shall then firstly consider the questions 5, 6, and 7, to which you have directed my especial attention.

No. 5.—I consider the present arrangement of circles, with a separate note for each circle, is not well calculated to promote the reception of a Paper Currency by the Native population, and I would, therefore, not retain it in its present condition. I have formed this opinion because I consider the present system imperfect, after personally discussing the subject of your circulas with the principal shroffs and dealers at Hooshyarpore, and I merely concur with their opinionr in many of the answers which I am now about to submit.

No. 6.—I would beg to observe that I am not aware what is the number of main circles at present existing, but I suppose there is one at each Presidency. The Punjab, I know, constitutes in itself only one circle, *viz.*, that established at Lahore, and I think that all local

Governments similar to the Punjab or any local Governorship might, with great benefit retain one circle only, but with offices of sub-issue established in addition at all places where there may be a local divisional treasury within the limits of each circle. The Punjab, thus as one circle, might at Lahore direct its operations to the issue of notes to its several sub-offices at the principal district of each *division;* while, at the same time, it might have a sub-office at Lahore also, to assist it in the issue of notes for the division of *Lahore alone:* this would impose an even amount of labor upon each separate divisional or sub-office of issue, while the circle at Lahore could devote its time more immediately to the safe custody of notes received from the main circle, I suppose Calcutta, to which it would itself be immediately subordinate; and to the issue of such notes to the several sub-offices of issue, as Peshawur, Rawul Pindee, Lahore, Mooltan, &c., for safe custody and *re-issue again* according to the wants of the public. The agency of the circle of the Punjab would thus be principally one of control, qualified again in its careful administration by the controlling and direct supervision of the main circle at the Presidency, which is assisted, I believe, by the experience and practical knowledge of the Bank of Bengal. I am disposed to recommend the introduction of such a system as being one, not only tending more directly to promote the convenience of the public, but likely also by a more generally closer postal communication to check more efficiently any attempts at peculation in transit by post.

No. 7.—I would wish to see one universal note for all India to be convertible at every treasury in each district of every division, or revenue commissioner's charge. I feel disposed to recommend this, because I am inclined to think that the more generally the Paper Currency can be circulated, provided it be always convertible into gold or silver current coin upon demand, by so much the more would the comfort and convenience of the Natives be promoted. I hope I shall not be transgressing the limits to which I ought perhaps properly to confine myself, by also venturing to suggest that one note, current all over India, might perhaps serve also more appropriately to mark that supremacy which the coin of British India now proclaims! But as regards the *advisableness* or policy of any notes being convertible at the Presidency towns, and at certain specified treasuries only, I feel myself altogether unqualified to offer an opinion, and I shall not therefore presume to do so. I beg now to subjoin answers to the remainder of the 32 questions received, with numbers corresponding with those attached to each question, *viz.* :—

No. 1.—No, not at their full value.

No. 2.—The reason alleged for their depreciation is, that cash at par value can only be obtained for currency notes at Lahore; and the average rate at which such notes are now discounted in the bazar at Hooshyarpore is stated to be 8 annas in 100 rupees.

No. 3.—I am not aware of any particular facilities being afforded at Hooshyarpore as regards the Native public generally.

No. 4.—The immediate payment of every note on presentation at the treasuries, should cash be demanded in exchange.

Questions 5, 6, and 7 have been answered above.

No. 8.—Would be very beneficial, I am given to understand, as a means of making remittances of small value for private purposes.

No. 9.—A much larger currency.

No. 10.—Yes, but not often just at present.

No. 11.—I am informed it is in all cases.

No. 12.—They do, though not very often; but *would* always (according to their occasional requirements and means) when practicable.

No. 13.—For the present hoondees are preferred to notes for purposes of remittances.

No. 14.—To the Jullundur Treasury. Carts are always procurable, by which a reserve if forthcoming, could be brought in one day to that district station—the head of the division being only 24 miles distant.

No. 15.—No.

No 16.—None have been made since.

No. 17.—The average value of a *Jeyporee* gold mohur in the Hooshyarpore bazar is stated to be Rs. 15-8, that of a *Chera Shahee* Rs. 14-12; but I am not aware of any Government gold mohur being in circulation here.

No. 18.—The *certain* average value is Rs. 10.

No. 19.—Always at an *average* value of Rs. 10.

No. 20.—They are said to bear a higher value in the Mofussil bazars as they advance up the country from the Presidencies.

No. 21.—The avoidance of risk and expense in remitting gold.

No. 22.—The people are said to retain it gladly, and to circulate it when available.

No. 23.—Very much indeed at Hooshyarpore.

No. 24.—Gold coins current at 15, 10, and 5 rupees would find more favor than notes of the like small value.

No. 25.—Certainly.

No. 26.—I think so, as well at the tehsils as at the treasuries.

No. 27.—They prefer a Paper Currency.

No. 28.—Yes, tolerably well. Its purity is ascertained by touching with the *kussowtee* stone.

No. 29.—Native gold mohurs are used in this neighbourhood as a means of currency.

No. 30.—The *Kuldar* or Shah Alum (H. E. 1202), Jeyporee, Delhi, Chera Shahee, Raj Shahee (Puttiala), Boodkees (Cabool), and Toclas (Bokhara); also *Dhaboo Shahee* of *Akbur's*, Rs. 16 each.

No. 31.—They do pass for their actual value.

No. 32.—They have no artificial value, but count for gold.

From the Extra Assistant Commissioner in charge of the Treasury, Hoshungabad,—dated the 20th March 1866.

In reply to your Circular dated 16th February 1866, I have the honor to state as follows.

No. 1.—Government notes are not readily received and paid away by the Native community except when there is a particular want of notes for any purpose. Something is generally deducted from their value.

No. 2.—The reason for their depreciation is, that they are not easily cashed. The rates of discount vary according to whether the party taking them is in particular need of them or not. The average rates of discount are half an anna, three quarters of an anna, or one anna in the rupee, some times more, but seldom less.

No. 3.—When there is a good supply of notes in the treasury, notes are always given in exchange for silver; but silver is not usually given for notes, as that causes trouble; parties wishing to change them generally do so in the bazar.

No. 4.—I consider these facilities sufficient, as far as giving notes in exchange for silver are concerned, but I consider it would be advisable to give silver for notes readily, as that would keep up their value. However, this would necessitate an increase of establishment on account of the extra trouble it would give.

No. 5.—I do not consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and I would not retain it.

No. 6.—I would not propose to increase the number of circles, still retaining the plan of a separate note to each circle, nor do I think the other plan proposed in this question would answer

No. 7.—I would prefer the plan of one universal note for all India, to be convertible at every treasury and tehsilee, because the chief objection the Natives make to the present notes are, that they are not convertible at every place they may wish to take them, and are consequently useless to them, except in the circles in which they are issued; whereas, if an universal note for all India was introduced, it would be a great boon to the Natives, as they might take it wherever they went, and get it cashed wherever they chose, thereby saving them the trouble and danger of carrying cash.

Nos. 8 and 9.—I would propose a note of the value of Rs. 5, because it would have a larger currency than notes of greater value, as it would be more easily cashed in the bazar, and it would pass more readily among the poorer class of people who would, perhaps, never be possessed of a 10-rupee note. It would be a great boon to the poorer classes who send money to their families in other parts of the country.

No. 10.—Notes are used by the shroffs and Native bankers for the purposes of remittance when they can get them.

No. 11.—Shroffs and Native bankers generally exact discount in cashing notes; but at times when there is a demand for notes among themselves they do not do so.

No. 12.—Shroffs and Native bankers do buy up notes at a discount for the purpose of sending them to the head quarters of circles for encashment.

No. 13.—Shroffs and Native bankers generally prefer hoondees to notes for the purpose of remittance, as the former are the more secure; but in cases where hoondees are at a premium notes are preferred.

No. 14.—If my silver reserve runs low, the tehsilees are indented on for cash if they have a superabundance; and if not, then the Accountant General, Central Provinces, is applied to for orders. There are no facilities by rail, and not very good ones by road, for bringing cash.

No. 15.—The treasury has been unable to meet the public demand for notes of Rs. 500 and 1,000 in value, in consequence of indents not having been complied with. Of notes of smaller value there has never been any scarcity.

No. 16.—The cause for the refusal of the indent of notes of greater value was assigned to be that there was not a sufficient supply at the head quarters.

No. 17.—No gold mohurs are current in the bazar or in the neighbourhood.

No. 18.—The English sovereign is not yet current, and the few that there are are objected to, as the Natives do not recognise them yet.

No. 19.—The Australian sovereign is on the same footing as the English.

Nos. 20 and 21.—Cannot be answered, as the coins are not as yet current.

No. 22.—The people state that they would prefer gold for hoarding and circulation, as it requires less space to contain, and is of less weight to carry, than silver, and it is preferable to notes, because not perishable like these.

No. 23.—From what can be gathered, I conjecture Natives would like a Gold Currency.

No. 24.—I consider good coins of 15, 10, and 5 rupees would be likely to find favor with the Natives, but not more so than notes of like value.

No. 25.—I should think that a Gold Currency would help the establishment of Paper Currency when people become accustomed to them.

No. 26.—Certainly Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note.

No. 27.—The shroffs, &c., here would prefer silver, gold, and paper.

No. 28.—Bar gold does not circulate in the neighbourhood.

No. 29.—No. Native gold mohurs are in circulation in the district or in the neighbourhood.

Nos. 30, 31, and 32.—Cannot be answered, as there are none in circulation

From the Deputy Collector in charge of the Humeerpore Treasury.

No. 1.—No.

No. 2.—Because people cannot cash notes wherever they wish the same to be cashed. As regards the discount, no authentic information on the subject can be furnished from this district, inasmuch as there are no Native bankers at this place.

No. 3.—Every facility is given for the exchange of silver for notes, but as regards exchange of notes for silver, this discretion is allowed for the convenience of travellers only.

No. 4.—The present means are not sufficient. Every facility should be given for the exchange of notes for silver. The standing rules which authorize the cashing of notes at the office of issue, and head office at Calcutta only, act as a great bar to the circulation of notes.

Nos. 5, 6, and 7.—With reference to these queries, I would suggest that there be an universal note for all India; that an office of issue be established in each Lieutenant Governorship or Chief Commissionership, or, indeed, to facilitate the despatch of business, in each Revenue Commissionership, and that offices of sub-issue be established at each district treasury. In other words, I would propose that, at the head quarters of each Revenue Commissioner, there should be an office of issue on which district officers may readily indent for supplies of currency notes, and that those in charge of offices of sub-issue be authorized to exchange notes for coin and *vice versâ* without any restriction as at present. The plan of having an universal note for all India, to be convertible only at certain specified places, would frustrate the main object of the Paper Currency, which is, to borrow the words of the late Hon'ble Mr. Wilson, "that they (currency notes) may be used by all classes, rich and poor, and for all kinds of transactions, small and great." In large towns and cities the necessity for paper money can, to a certain extent, be met by the assistance which private banks can afford; but the inconvenience which the poor people experience in places where private banking is not in existence deserves consideration, and on this sole ground I would recommend that currency notes be not only convertible at district treasuries, but also in the tehsil treasuries, to enable the people at large duly to appreciate the boon which the Government undertakes to confer on them.

Nos. 8 and 9.—Notes of 5 rupees will be highly acceptable to the generality of the people of this country, who are in far from affluent circumstances.

Nos. 10 to 13.—There are no shroffs and Native bankers here.

No. 14.—This has never been the case here; but for the contingencies referred to, an application might be addressed to the Accountant General, North-Western Provinces.

Nos. 15 and 16.—No.

Nos. 17.—The English gold mohur sells at the rate of Rs. 15-4.

Nos. 18 and 19.—Not in circulation here.

Nos. 20 and 21.—No. The natives of this part of the country do not prefer European gold coin to Native gold mohurs.

No. 22.—The people are certainly fond of hoarding gold, provided it be of that quality which they call good.

No. 23.—Not in this part of the country, or, in fact, where the population is poor.

Nos. 24 and 25.—The gold coins referred to are likely to find more favor in the bulk of the people than Paper Currency of like value, except on occasions on which remittances are required to be made.

No. 26.—Yes.

No. 27.—There are no shroffs and dealers of currency in this place.

No. 28.—Yes. The purity of such gold is tested,—1*st*, by friction on the test-tone; 2*nd*, by making a bore in the gold; 3*rd*, by examining it in fire; and 4*th*, by hammering it.

No. 29.—Yes, by the rich only.

No. 30.—The names of the gold mohurs in circulation here are as follows:—1*st*, Mahomedshahee; 2*nd*, Jeyporee (old); 3*rd*, Jeyporee (new); 4*th*, Furruckabadee.

Nos. 31 and 32.—No. The value varies according to the quality of the gold of which the mohur is made, taking a particular coin as a standard.

From the Deputy Commissioner of Hurdui,—dated the 20th April 1866.

In reply to your Circular, I have the honor to submit the following replies to the questions proposed by the Commission on the Paper Currency.

No. 1.—Currency notes are not used to any appreciable extent by Natives in this district.

No. 2.—The reason is that there are no large bankers, nor is much trade carried on. The notes, too, are still looked on as a new thing, and the Natives do not like to take them, as they might be destroyed by fire or water. So little use is made of them that no rate of discount can be given.

No. 3.—Notes are issued at present to all who apply for them, but as yet they have only been taken for the purpose of private remittances by officers and not for trade. They are received whenever offered in payment of any Government demand.

No. 4.—As far as this district is concerned, these facilities are ample.

Nos. 5, 6, and 7.—The present arrangement of circles, with a note for each circle, is, I think, an obstacle. I have heard complaints from men in the police that if they send notes to their families in the Punjab, there is great difficulty in getting them cashed, and the same difficulty would doubtless arise on a larger scale in the case of traders. Another objection, always raised by the Natives when discussing the subject, is that the notes are only convertible with cash at the centre of the circle. This objection will, of course, fall to the ground whenever the notes are known and trusted and accepted by Native bankers, but till then, it must remain, and it will tend to delay that time. It would, I believe, be of great advantage to increase the number of places at which Government will receive notes for cash as much as possible. At this treasury, for example, the receipts exceed the expenditure, and remittances are frequently made to Lucknow. If all notes presented here were cashed, the remittances, or a large part of them, could be made in notes, and thus much of the cost of carriage and escort would be saved.

Nos. 8 and 9.—At present, the introduction of a 5-rupee note would be of little importance, but, hereafter, when notes are more generally used, it would be a great convenience to the public in small remittances.

No. 10.—In this district they are not used at all.

No. 11.—Few or no notes have been cashed here. Most certainly, if any have been cashed, discount has been taken.

No. 12.—Not here.

No. 13.—None do so as yet, and those to whom I have spoken object that if the note be lost, it is not so easily replaceable as a hoondee, a duplicate of which can always be obtained.

No. 14.—This can hardly occur here for years to come, if ever.

Nos. 15 and 16.—The indents for notes have been complied with, and the stock in hand has been ample to meet the demand.

No. 17.—Rs. 15.

No. 18.—Rs. 10, but the coin is but little known.

No. 19.—It is not known.

No. 22.—Most certainly, the old desire to hoard whatever a man can lay by exists largely, and gold is generally selected as most portable, and (if necessary) convertible.

No. 24.—Yes, gold would be preferred to notes, because, as the Natives say, it cannot be destroyed by fieror worn out so easily.

No. 28—.Bar gold is not used.

Nos. 29 and 30.—Native gold mohurs are used a good deal by the traders and small bankers as a means of remittance. Those best known here are the Jeypore, value Rs. 16, the Mahomedshahee, value about Rs. 10, and the Lucknow, value Rs. 15. Unless much worn (in which case they are treated as bullion), they are generally assumed to bear the value above noted, but a discount of from 1 to 2 annas is taken on them.

I have omitted to answer one or two questions, as I have not had much experience on the subject, and many more able opinions than mine will be received.

From the Deputy Collector in charge of Treasury, Hyderabad, Sind,—dated the 22nd March 1866.

In accordance with your printed Circular dated 16th ultimo, I have the honor to furnish, in the accompanying statement, the replies to the queries noted therein, from which it will be perceived that the Native bankers and shroffs have not yet sufficient confidence in the Paper Currency to use it for the purpose of remittance and circulation. Should the plan proposed by me in the reply to the 6th query be adopted, there is not the least doubt that it would be calculated to promote the reception of the Paper Currency by them. They, however, appear to be very much averse to the introduction of a Gold Currency, as they are of opinion that it will tend to increase the crime of cheating and counterfeiting.

No. 1.—No.

No. 2.—Absence of facilities for cashing them. One per cent. is charged as discount.

No. 3 —Currency notes are issued from the treasury in exchange for silver to any extent, whereas silver is only exchanged for notes of not more than 100 rupees in value, unless when presented by travellers.

No. 4.—No, the notes without exception should be convertible on demand at all the treasuries in the circle as at the head office of issue.

No. 5.—Yes, provided the note is convertible on demand.

No. 6.—I would propose to retain the present number of main circles, and to establish offices of sub-issue at the chief local treasuries within each circle. The note should be convertible on demand at all treasuries within the circle as at the head office of issue.

No. 7.—No, if the above plan be carried out, it would answer very well.

No. 8.—Yes, because it would be more convenient to parties who have dealings in small payment.

No. 9.—Yes.

No. 10.—No, not at present, because the note is not convertible on demand in all cases.

No. 11.—No, not in all cases, only in cases of all notes of large amount, when they are not convertible.

No. 12.—No.

No. 13.—No, not at present, for the reasons above stated.

No. 14.—The Sind railway. I would apply to the Kurrachee Treasury to reinforce the reserve.

No. 15.—No.

No. 17.—From 15 to 20 rupees, according to the market price of gold ruling at the time.

No. 18.—Rs. 10.

No. 19.—Rs. 10.

No. 20.—No, a lower value.

No. 21.—Because there is not much demand for them.

No. 22.—Yes, for hoarding and making ornaments, not for circulation.

No. 23.—No, because they fear there will be great cheating carried on in counterfeiting coins.

No. 24.—No, for the above reasons.

No. 25.—No, the introduction of a Gold Currency is very much deprecated by the Native traders. I fear it will be many years before the Natives become accustomed to a Paper Currency.

No. 26.—No, I think not.

No. 27.—They would prefer a Silver and Paper Currency, as it at present exists, provided the latter be convertible on demand.

No. 28.—Yes, there are many ways of testing its purity in vogue in this neighbourhood.

No. 29.—No, not much.

No. 30.—Put Cheneehi, Pesh Cheneehi, Seetaranny Tillah, Ashurfee, Bulookanee, Mahomedshahee, Moruk Akbaree, and Jeyporee.

No. 31.—Yes.

No. 32.—No.

From the Extra Assistant Commissioner, Juloun,—dated the 23rd February 1866.

No. 1.—Government currency notes are *not* readily received and paid away by the Native community of this district at their full value in private monetary transactions.

No. 2.—The reason is that nores are not received or changed at the zillah treasuries, except when offered in payment of Government revenue or tendered by travellers. The average rate at which notes are discounted by Native shroffs is 8 annas per cent.

No. 3.—Government currency notes are only received in the treasury in payment of Government revenue, or when tendered for encashment by travellers. As yet no single Native has ever applied for any currency note at this treasury. All the notes given out have been given to Europeans.

No. 4.—Were Government currency notes allowed to be exchanged at every treasury for silver on demand, the Natives would at once take to them, as they would then be a much safer and cheaper means of transmitting money; and as Native merchants are mostly the persons who are in the habit of transmitting money, no injury would be inflicted n the Native mercantile community by the above permission.

No. 5.—The present arrangement of circles, with separate notes for each circle; but, as above stated, the notes of each circle to be cashed at each zillah treasury of such circle would be a measure well calculated to promote the reception of a Paper Currency by the Native population.

Nos. 6 and 7.—Answered as above.

No. 8.—A note of the value of 5 rupees would be very useful, and more in request than others, being within the means of all Natives.

No. 9.—Such a note, I am assured by the Natives, would have a larger currency than notes of a greater value.

No. 10.—Not much here, as currency notes have totally been introduced.

No. 11.—Yes.

No. 12.—I am informed they do.

No. 13.—No, on account of the difficulty of cashing them which now exists.

No. 14.—Very few notes indeed have been presented here for encashment. Cawnpore, which is 70 miles by the imperial road from this station, would be the treasury to which I should first apply in case of the silver reserve running low.

No. 15.—No; our stock of notes has never yet run short.

No. 16.—Answered in the preceding.

No. 17.—Rs. 15.

No. 18.—Rs. 10; but when offered for sale, a small discount is demanded.

No. 19.—Ditto.

No. 20.—No, for the demand being greater in Presidency towns, their value is greater. In Calcutta they bear a premium of from 2 to 6 annas each.

No. 21.—Answered as above.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes; all gold coins find more favor in the eyes of the Natives than notes would, if for no other reason than their indestructibility by fire or water.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—They would much like the addition of a Gold Currency to the silver and paper.

No. 28.—Gold leaf, "Punna," is the only kind which circulates here; there being no bar gold current here. The purity of the leaf gold is preserved by its being in the form of leaf.

No. 29.—No.

No. 30.—Jeypore mohurs worth Rs. 16 to Rs. 16-4, Delhi Mahomedshahee mohurs also worth as much.

No. 31.—Yes.

No. 32.—Answered in the preceding.

From the Extra Assistant Commissioner, Jhansie,—dated the 5th March 1866.

No. 1.—The Natives of this part of the country do not, as a rule, use currency notes in their transactions, except the Government servants, who generally use them for private remittances, and mahajuns, &c., within British territories, who use them when money is scarce in the market.

No. 2.—The reason of depreciation is that, in cases of the notes being lost duplicates cannot be obtained. In getting hoondees people run no risks. The discount demanded is from 4 annas to Rs. 2-8 per cent.

No. 3.—The facilities afforded for the circulation of notes are, that the treasury hold a sufficient supply for the wants of the community; and proclamations issued that the public can get notes of such description as the treasury hold, on application to the officer in charge of the treasury, for the exchange of silver, and *vice versâ.*

No. 4.—If the Natives were anxious to use the paper money, the facilities are, in my opinion, ample.

No. 5.—I do not consider the present arrangement of circles good. If there were an universal circle for all India, the Natives would, I think, much prefer it, as at present the notes of one circle cannot be conveniently cashed in another without discount to the holder; hence too many circles are not desirable.

No. 6.—It would be much preferred, as mentioned above, by the Natives, if only one circle is established, but different sub-offices for conversion of notes should be fixed, so as to enable the public to get them easily converted if they wish.

No. 7.—See answer to Nos. 5 and 6.

No. 8.—The 5-rupee notes will be most acceptable by the Natives of lower classes, and the sepoys of the regiments, for monthly remittances, besides it will be most convenient for the public generally.

No. 9.—Certainly.

No. 10.—No. The risk of losing notes in transit deters the bankers from making use of them.

No. 11.—Discount is always exacted for cashing notes. (See last sentence of answer No. 2).

No. 12.—They will, of course, most willingly avail themselves to buy the notes if they can get them at a discount, and will send them to the head quarters for encashment; but at present, as notes are not much used out of the British territory, very little bartering is carried on.

No. 13.—They prefer the hoondee system; but if Government guarantee duplicates in case of originals being lost, they will much prefer the notes.

No. 14.—There is no rail in this part of the country, nor are there any good roads. The proper authority to apply to in case of the reserve running low is the Accountant General, North-Western Provinces. The nearest treasuries are Jaloun and Lullutpore, from whence this treasury can be supplied in case of emergency.

No. 15.—No. The indents have always been complied with in time.

No. 16.—See preceding answer.

No. 17.—There is no average fixed rate, but they sell between 15 and 16 rupees, according to the increase and decrease in the rate of gold.

No. 18.—The English sovereign is not in circulation in this part of the country, but its value is never under Rs. 10.

No. 19.—This has also no fixed rate in the bazar, it varies according to the demand. It is very little in circulation, and some times even one cannot be procured in the market. The value is not under Rs. 10.

No. 20.—This depends entirely upon the demand for gold, but, as a general rule, it is always bought for its full value.

No. 21.—The cause of the very limited demand for the coin is, that the gold of these mohurs is very inferior and not fit for the purposes of ornament; hence it is little in demand.

No. 22.—Yes, they like gold better than any other metal, or notes for hoarding, but for circulation they prefer Silver Currency.

No. 23.—Yes, for hoarding only, if the gold is pure.

No. 24.—The Gold Currency would not be more preferable than notes in cases of remittances, but in cases of reserve, hoarding or travelling, the gold coins will be acceptable.

No. 25.—When people become accustomed to passing notes in their private transactions like Silver Currency, there will be no need of a Gold Currency; but, at present, to induce them to speculate, gold will no doubt help the establishment of a Paper Currency. Their impression is, that the Government wishes to do away with the silver and other currencies by introducing the notes.

No. 26.—In this part of the country, I doubt its adaptability owing to the change of rates in the intrinsic value of the gold.

No. 27.—The Silver Currency is most desirable by the mahajuns and shroffs of this district owing to its rate not always being changeable.

No. 28.—The bar gold is circulated in this neighbourhood, and its intrinsic value is ascertained by cutting off a bit and putting it into the fire, besides it can be ascertained by its colour on rubbing it on a stone called *kussowtee* (touchstone).

No. 29.—Yes, owing to its being pure gold, particularly the Jeypore mohur is much in use.

No. 30.—Jeypore, Kuldar, Delhi, Sonrathe, Akburee, Scindiashahee, Kotta, Boondee, Lucknow, and Shajehanee, Mahomedshaie.

No. 31.—Only the Jeypore mohur passes for intrinsic value.

No. 32.—Except Jeypore mohurs the rest bear an artificial value according to their respective denominations.

From the Deputy Commissioner of Jhelum,—dated the 7th April 1866.

I have the honor to acknowledge your Circular dated 16th February last, and, with reference thereto, beg to forward herewith my answers to the queries given therein after instituting full enquiries on the subject.

No. 1.—No, they are not readily made the medium of monetary transactions; if they are at all, it is not at full value.

No. 2.—One cause may be because notes are not cashed at other treasuries than the head office of issue; discount is charged at the average rate of Re. 1-8 per cent.

No. 3.—These are limited, as currency notes are not convertible into cash at this treasury except in cases of travellers, *vide* circular No. 145, from the Accountant General, Punjab, dated 27th July 1864.

No. 4.—Not sufficient; the only thing likely to facilitate the free circulation of notes is the opening of all the treasuries in the circle to exchange them for cash.

No. 5.—No, I think one circle for the whole country would answer best, the notes of which should be cashable at all treasuries.

No. 6.—The former part of this question is answered by No. 5. I would establish offices of sub-issue at the chief local treasuries, where the note should be convertible on demand.

No. 7.—See my opinion at query No. 6.

No. 8.—Yes, a note of Rs. 5 would be a great convenience, as people in general do a great deal of business in small sums.

No. 9.—Yes.

No. 10.—No, because of the risk of transit, and because they are not cashed except at a fixed treasury.

No. 11.—I am unable to answer this question.

No. 12.—Not here.

No. 13.—They prefer hoondees.

No. 14.—Under the circumstance, I would inform the Accountant General, and apply to the nearest treasury. We have the trunk road, and can get in money by the bullock train, or by relay of bullocks.

Nos. 15 and 16.—No.

No. 17.—None in circulation in this district.

No. 18.—Sovereigns Rs. 10, and half-sovereigns Rs. 5, but the shroffs exchange at 1 anna discount both in the case of sovereigns and half-sovereigns.

No. 19.—None in circulation in this district.

No. 20.—I am not able to answer this.

No. 21.—Ditto.

No. 22.—They are certainly fond of gold for the purpose of hoarding, but not for circulating.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—They are of opinion that silver is the only currency, gold will be a good adjunct, but for Paper Currency they have not yet the proper appreciation.

No. 28.—No.

No. 29.—Not at all.

No. 30.—Old Kuldar 1st, old Kuldar 2nd, new Kuldar, Jeyporee, Delhi mohurs, and Russian Bettie of three sorts, Boodkee of two sorts, and Tilla.

No. 31.—Yes, but not as a means of currency.

No. 32.—Their value is not dependent on their respective denominations, but on the purity of their gold, like bullion.

From the Officer in charge of the Jhung Treasury,—dated the 3rd March 1866.

I have the honor to reply as follows to the queries contained in your Circular dated 16th February 1866.

No. 1.—Currency notes are received with the utmost unwillingness in Jhung. Traders usually decline business when they know that they are to be paid in notes. If any one has had the misfortune to receive a note, his only thought is how he may return it on the issuer, which he manages to do by persuading some one who has to pay money into the treasury to take it off his hand. Notes are not discounted here as they are in most other parts, because the people have a suspicion that they would thereby render themselves liable to legal punishment.

No. 2.—Currency notes do not always go at a discount. I have known them to be some times at a premium in Loodiana, when they were in demand for the purpose of making remittances. The rate, therefore, fluctuates widely. There are several reasons why notes do not readily pass from hand to hand,—

(a).—The want of confidence caused by the novelty of making a piece of paper pass for money. This want of confidence is rendered insuperable by the conduct of Government officers with reference to currency notes. It must seem to Natives that Government wishes to pawn pieces of paper on them for value, and to avoid as much as possible redeeming them; for, however convenient it may be for a treasury officer to oblige by cashing a note, in obedience to orders it is never done. However prone Natives may be to rely on Government, their confidence is checked in the bud, and they follow its example in avoiding, as much as possible, all dealings in notes.

(b).—Inconvenience, when an individual cannot rely on having a note exchanged even within the circle of issue; this is of itself sufficient to prevent him having anything to do with it. The difficulty is increased immediately, if he travels beyond the circle, or into foreign territory.

(c).—Loss accruing from rapacity of money-dealers. Where discount is taken, there are no bounds to the greed of the money-changer, unless the note-holder can help himself by going elsewhere.

(d).—Illiterate character of the people. The value of a note is expressed by words and figures in different languages. Unless one can read, and not one out of one hundred can, he cannot tell whether he is receiving Rs. 10 or Rs. 1,000. When a payment is made,

it may be impossible for the illiterate to procure the requisite assistance. Besides, the only parties who can aid him may very readily combine to deceive him, which is not at all an unlikely occurrence in such a country as India.

(e). Liability to destruction of the note. A Native at once fancies what will be the consequence, supposing he should by some mischance destroy a note. He may get it burned. He may get drenched through and have it completely spoiled, or he may thoughtlessly walk into water with it on his person. Every Hindoo bathes twice, or at least once a day, retaining a portion of his raiment on. Money and valuables of all sorts are carried in a corner of some part of the dress, hence the danger.

No. 3.—Currency notes are generally exchanged for silver, if they are in store, which is often not the case. Notes are only exchanged to travellers to a limited amount, in accordance with Accountant General Punjab's circular, No. 145, dated 27th July 1864; they are scrupulously withheld from every one else.

No. 4.—These facilities are clearly insufficient. I would suggest that the whole of the resources of Government, after meeting other demands, should be applied, to oblige the public, by every officer in charge of a Government treasury, wherever it may be, and even by the officers of other departments, so far as may be convenient. I would have deputy commissioners of currency generally to supply treasury officers with notes of all the authorized amounts, and I would empower them to regulate the distribution of notes and coin to the different treasuries subordinate to them, and to incur a limited expenditure in the transport of coin in order to meet the wants of the public.

No. 5.—The arrangement of circles, with a separate note for each circle, evidently follows as a necessity from a convertible Paper Currency established throughout a vast empire. On the one hand, the currency could not properly be called convertible if it were payable only at one office within the Presidency. The difficulties caused by distance increased, perhaps rendered insurmountable by war or social disturbances, the probable concomitants of crises when conversion might be desired, would render, or tend to render, the currency really an inconvertible one. The reserve must, therefore, be distributed to a number of centres to ensure convertibility. On the other hand, if payment of all the notes issued in the Presidency may be demanded at any of those centres, there is clearly a danger that the reserve appointed to each centre will not be sufficient, and that Government will be put to much expense and inconvenience in transporting thither a portion of the reserve from the other centres. In order, therefore, that Government may be able to fulfil its obligations, it is necessary to restrict the number of notes that are payable at any one office, and to fix the reserve there accordingly; this is fully accomplished by the device of issuing a separate note for each circle, and making it payable only at the head office of each circle.

No. 6.—Comparing the territorial extent of the present currency circles with that of European kingdoms, in which notes current throughout their length and breadth are payable only at one office, I would not be disposed to materially alter the present circles. For the same reason I cannot see the necessity of establishing sub-offices of issue within each circle where the notes of the circle would be payable on demand, while to this plan there is the insurmountable objection that all the notes of the circle would be payable at a number of places where there must be a very limited reserve, and Government be unable at any cost on transport of coin, and with any amount of forethought at all times, to fulfil its obligations.

No. 7.—The plan of one note for all India is open to the objection just mentioned to the plan of sub-offices in each circle, where all the notes of the circle should be payable on demand, but in a very aggravated degree. None of the plans above proposed seem to me to meet the wants of the case, *viz.*, first, to establish; and secondly, to maintain a large paper circulation. Even supposing the first object accomplished, I think it clear that, under any one of them, a Paper Currency would not long stand its ground. Government,

I think, ought not to bind itself by law to do anything which it cannot clearly accomplish, for its credit is thereby endangered, and it is also rendered liable in damages to those who may incur loss; but, on the other hand, it need not restrict itself to doing merely what it is bound to do. Its work will have the same effect, whether it be legally binding on it or not. Nowhere has paper money more completely and to better effect taken the place of coin than in Scotland, yet not a single note is a legal tender, nor anywhere necessarily payable, save at the head office of the issuing bank. If, therefore, each individual stood on his legal right, the whole of the Paper Currency in that country must be forthwith thrown out of circulation. In ordinary circumstances, no one thinks of such a thing, and each bank has found it its interest to treat the notes of every other just as its own. Gold is scarcely at all circulated. The people dislike it, because they have often to give discount for light weight. I do not remember having ever had a sovereign, until providing myself with the same on leaving Scotland. I think the Currency Act faulty, inasmuch as it binds Government to pay all the notes of the Presidency at the Presidency town, where all the reserve is not, as well as at the head of circles. The currency would be practically convertible without it: embarrassment may be occasioned to Government, and the greater portion of reserve allotted to this purpose at the Presidency ought to be removed to the head of the circle, or might be added to the fund for forming a profit to Government. This slight alteration being effected, I would propose that Government should not bind itself by law to cash notes anywhere, save at the head offices of circles, but should make it optional with all officers in charge of Government treasuries, whether at sudder stations or in the Mofussil, to cash all notes presented to them by the public, and enjoin them to do so, provided the resources at their disposal rendered it not inconvenient. I would not restrict this power to notes of the circle, but would extend it to all notes of the Government of India, provided there were no doubts with respect to their genuineness, and provided the demand for cash for notes of the circle, or any other circumstance, did not render it unadvisable. It would not be incumbent on Government to incur any expense for these ends, but at times it might obviously do so with much advantage to the public, and the establishment of a Paper Currency would thereby be greatly furthered. The advantages of currency notes would be greatly extended, provided they could generally be cashed in other circles. All inconvenience they might cause would be avoided by returning them to the circles of issue when they come into the hands of public officers. Three of the difficulties noted above, under No. 2, would thus be all but overcome. The confidence of the public would be established by the example of Government. The resources at the command of Government, especially if aided by a little expense, would almost universally enable it to oblige the public. Individuals being able to have recourse to the Government treasuries would no longer be at the mercy of the money-changer. To surmount the difficulty occasioned by the general ignorance, an easy device might be adopted. It would not be difficult to represent pictorially on each note the number of rupees represented by it, so that the most ignorant could ascertain its value by his own senses. The plan would, according to all accounts, be no novelty; for the Romans (we may suppose at the time they were introducing coin, and for the benefit of the agricultural mind) represented oxen *(pecus)* on their money *(pecunia)*. To remove the fifth objection, which is not a very serious one, perhaps something might be done in manufacturing notes to render them not so destructible by water.

No. 8.—I think a 5-rupee note would be an advantage. A half-sovereign is a very useful coin, and the case is exactly analogous. It would be very convenient for remittances, as it would thus be possible more nearly to approximate to any given sum. Perhaps some might attach importance to the fact that the number of cases to which payment by notes would be legally applicable, would be thereby extended, *viz.*, to all debts above Rs. 5, instead of all debts above Rs. 10 only.

No. 9.—I do not think very many 5-rupee notes would circulate, for there are not very many half-sovereigns in circulation in England; and I cannot see anything that would cause a difference in respect of 5-rupee notes in this country.

No. 10.—Bankers and others very readily make remittances by notes, as they are very convenient.

No. 11.—In every case in which it is possible, Natives will exact discount for cashing notes; but, as I have mentioned above, they some times find it their interest to give a premium. It seems to be the bent of the Native mind to regard all coinage, even the standard coinage, as an article of commerce to be bought and sold. This strikes one forcibly in reading Native account books and commercial letters, where you may find more or fewer Company's pice exchanging for the Company's rupee, and similar variations.

No. 12.—I have known shroffs to buy up notes for different purposes, but I have never known them do so for the purpose of encashing them at the head offices. They can obtain the standard value without making a long journey, by giving them to people who have to pay Government demands, stamp-dealers, contractors of municipal taxes, malgoozars. Notes are much used for remittances.

No. 13.—There is no danger of the drawee being insolvent. They are payable to bearer, which hoondees are not always.

No. 14.—In such a case, the nearest treasury is Mooltan, 100 miles distant, over which treasure is conveyed by camels.

No. 15.—The treasury has not been able to meet the demands for notes of the larger amounts, because indents were not complied with.

No. 16.—No reasons were assigned for non-compliance; but I am aware that some times a reason was given that means of safe transmission did not present themselves. At Loodiana, about June 1865, I know that an indent for the larger notes was not complied with, because it was not desired that they should be used as a means of making remittances to Calcutta. The Accountant General had then just withdrawn permission to that treasury to draw on Calcutta—a measure which would have been ineffectual had the supply of currency notes continued.

No. 17.—The Government gold mohur seems not to be current here.

No. 18.—The English sovereign exchanges for from Rs. 10-4 to Rs. 10-6.

No. 19.—I have not been able to ascertain whether any Australian sovereigns have been brought here.

No. 20.—I believe these coins generally bear a higher value in the Mofussil at the Presidency towns.

No. 21.—Coins are in demand, not for the purpose of circulation, but for the purpose of being absorbed into hoards, or manufactured into ornaments. The article is to be obtained, practically speaking, in unlimited quantity at the emporia of commerce and nowhere else, for the amount procured in the country and brought by traders from the countries to the west, is too small to supply the demand. Like other articles of this class, its price will be the cost of production, which in this case is the cost of sovereigns at the Presidency towns (which I suppose is 10 rupees)—the amount sufficient to cover the cost of carriage and the risk in conveying to the interior. For Jhung this is 4 annas, while for Mooltan only 2 annas,—the difference being, I suppose, owing to the large profits taken by the traders who deal in the article.

No. 22.—The people are very fond of gold for hoarding, its small bulk affording facilities; but I do not think that Natives generally take any thought about the circulation. Circulation is not one of their ideas.

No. 23.—Decidedly, Natives would like a Gold Currency, because they believe that Government would supply sovereigns at 10 rupees, and they would thus be enabled to procure an

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article of consumption at a lower price than at present. Perhaps some, too, might wish it for a more respectable reason, *viz.*, the advantages of its small weight compared with its value, and the facilities of transporting it.

No. 24.—In the eyes of ignorant zemindars who wish to hoard gold, and to possess costly ornaments, I should say the gold coins would find much favor as compared with notes, but not so with respect to the more intelligent portion of the community and the traders.

No. 25.—I do not think that any assistance is wanted from a Gold Currency in order to establish a Paper Currency; but it is plain that, supposing the difficulty of keeping both gold and silver in circulation together surmounted either, as it is done in England, which involves a change of the standard from silver to gold, or as it is done in France by habitually buying and selling the gold coin, which must cause considerable difficulty in keeping the accounts of Government treasuries, there would be something gained by the smaller expenditure on carriage and the greater quickness and certainty of transport. Traders and others would, however, have no motive for locking up capital in the shape of a gold as a reserve, unless they were allowed to issue notes on their own account.

No. 26.—If a Gold Currency were established, the outlying treasuries would obviously be able to command a supply of coin for the conversion of notes with greater speed and certainty and with less cost. However, even with a gold coinage, to keep all treasuries constantly supplied with a sufficiency against all possible demands seems a hopeless task, and ought not to be undertaken.

No. 27.—I have not met with any shroffs whose opinions on currency I consider it worth while to note. They find paper useful even with the many objections to it at present, and they fancy that gold, too, would be advantageous.

No. 28.—Small pieces of uncoined gold, each having an English letter inscribed on it, are to be found with dealers; but they cannot be said to circulate. The purity is ascertained by rubbing it on touch-stones.

No. 29—Various gold mohurs are to be had; but I do not regard them as any part of the circulation. It is one of the forms in which gold, as an article of commerce, is brought here for consumption as required. They are universally absorbed here; never by any chance return whence they came. Even severe dearth does not cause gold to be exported. It only stops importation.

No. 30.—Bokhara Tillas, Ahmud Shah, Furruckabad, Russian Butki mohurs are the most common.

Nos. 31 and 32.—They all pass for intrinsic value. If anything else is thought of, it is the purity of the metal.

From the Officiating Deputy Collector of Jounpore,—dated the 21*st March* 1866.

In reply to your Circular dated 16th ultimo, I have the honor to subjoin the following answers to the several queries therein put, connected with the working of Act XIX of 1861, "to provide for a Government Paper Currency."

No. 1.—No.

No. 2.—The depreciation of the notes arises from the circumstance that they are not as current as coin for all purposes, and that they cannot be cashed, except at the office of issue and in Calcutta. The principal cause of depreciation is the latter, or non-convertibility of the note, as is evident from the fact that, at Allahabad, where the notes of this circle can be converted into cash on demand at the office of issue, they are received for and paid at their full value among the people. The rate of discount for the note of the circle varies from Re. 1

to Re. 1-8, and for notes of other circles from Rs. 2 to Rs. 3 per cent. Even higher rates, say up to 5 per cent., are not unfrequently exacted when a single note of 10 or 20 rupees has to be cashed.

No. 3.—A sufficient stock of notes of the circle of all the denominations is retained at the sudder and all the tehsil treasuries, and any one requiring notes for silver has only to apply verbally to the treasury officer at the sudder station, and to the tehsildars at the tehsildarees for any number of notes he may require, and his requisition is immediately complied with; but no facility whatever is given for the exchange of silver for notes, except in the case of travellers and for small sums.

No. 4.—The facilities, on the one hand, as I have said above, are quite sufficient; but, on the other, the case is quite the reverse, to remedy which I would beg to suggest that, in addition to cashing the notes of travellers for *all* sums, officers in charge of treasuries may be empowered to cash all other notes of the same circle at their discretion, with reference to the state of their cash balance and the anticipated receipts and disbursements.

No. 5.—No; on the contrary, I think, the present arrangement injuriously affects the establishment of Paper Currency, inasmuch as a note of one circle cannot be received as a legal tender in the other, and so the people apprehend risk and trouble in dealing with a note which loses its value as legal currency as soon as it is taken beyond the limits of the circle where it is issued, and which, even within its own circle, does not retain the full value (except at the station of the office of issue) of the sum it represents. One of the main objects of introducing the Paper Currency is to avoid the trouble and inconvenience of carrying or transporting the bulky silver coinage, but this object is defeated by the institution of circles.

No. 6.—By increasing the number of circles, the only advantage that could be gained will be that the means of convertibility of notes into cash would be facilitated; but then, at the same time, the limits of the circles will be further shortened, and, under the view above taken, would do more harm than good. If keeping the present number of main circles, offices of sub-issue at the chief local treasuries were established within each circle, it would be far better so far as concerns convertibility of note on demand; but this even would not remove the inconvenience the people of one circle have in carrying or transmitting the note into the other; and until the note be such as to serve all the purposes of a coin, its use among the Native community would be but very limited.

No. 7.—I would prefer to have one universal note for the whole of India, as, in that case, the same note would be a legal tender all over India, and the inconvenience above complained of would be removed, and the apprehensions at present prevailing among the people against the Paper Currency, by reason of the note of one circle not being recognized in the other, would cease. To make the Paper Currency as popular as coin among all classes of the people, the best plan would be to make some such arrangement that the notes could be cashed at *all the treasuries without any restriction whatever;* but I do not know how this can be done, for the funds sufficient to meet all demands, at all times, cannot be kept at all the treasuries. Under these circumstances, I would suggest that there should be an universal note for all India, to be convertible *as of right* only at the Presidency towns, and at certain specified treasuries (but the number of these latter should not be less than seven or eight in each Government), and *as a favor* at all the treasuries throughout India. The treasury officers should be enjoined not to refuse to cash any note under any circumstances, except on the ground of want of funds. By such an arrangement as the above, the Paper Currency will doubtless be received more confidently by the community at large, and its use, which is very rare at present, except among officials, will become general; and gradually as the people get accustomed to the notes, the necessity of cashing them at the treasuries, which is so very essential now, will no longer remain.

No. 8.—Certainly; small transactions among the people are greatly in excess of large ones, for these a 5-rupee note is required. Further, the value of the note being small, there will not arise the immediate desire to cash it, and it will consequently remain longer.

No. 9.—I am decidedly of opinion that 5-rupee notes would have a larger currency than notes of higher value, the reason being the same as in the last preceding answer.

No. 10.—Not only the shroffs and bankers are not in the habit of using notes much in their remittance transactions, but even the generality of the people do not use them much for such a purpose.

No. 11.—Yes, without exception.

No. 12.—I am not aware that notes are purchased by the shroffs and Native bankers for the purpose of sending them for encashment at the head quarters, to any considerable extent, though such a thing is not unknown.

No. 13.—The notes are not preferred to hoondees, the reason being there is no security against loss in transit, and the trouble, cost, and inconvenience incurred in obtaining the value of a note when it is lost operates against their use. The majority of shroffs and bankers are hardly aware of the measures by which the value of a lost note can be recovered, and the few who are aware of them dread the trouble and expense they have to undergo. I have known of several instances in which notes have been abstracted in transit from even registered letters, a blank piece of paper of the same weight being inserted in its place. Could the arrival of a note through the post office be insured, there is no doubt that notes would be much used for purposes of remittance. Under the present state of things, people would pay a premium of 1 or 2 rupees per cent., or even more, to get a hoondee rather than send a note which they can obtain in the bazar at a discount.

No. 14.—There is a metalled road between this and Azimgurh, Benares, and Allahabad, and a railway from Benares to Mirzapore, Allahabad, and also to Zumaneea, 15 miles from the city of Ghazeepore. When we are in want of money, an application could be made to the Accountant General at Allahabad, who would direct one of the neighbouring treasuries mentioned above, where a surplus exists, to make us a remittance; but hitherto we have always remitted either to Allahabad, Benares, or Ghazeepore, and never been remitted to.

No. 15.—Never.

No. 16.—See above.

No. 17.—From Rs. 14 to Rs. 15.

Nos. 18 and 19.—It is not known.

Nos. 20 and 21.—I cannot say for above reason.

No. 22.—Yes, for hoarding, but not for circulation.

No. 23.—Yes, but only as an auxiliary to the Silver Currency.

No. 24.—The gold coins of 15, 10, and 5 rupees would certainly be much preferred till the people obtain confidence in notes.

No. 25.—Not that I am aware of; for even at present, when notes are not freely in cirlation, gold, more or less, forms a reserve.

No. 26.—I think it would, if gold is made a standard; but the so making it is a difficult question upon which I am not prepared to enter.

No. 27.—At present, when notes are not generally current, the shroffs and others prefer to have a Silver and Gold Currency, but gradually as they become accustomed to notes, the Silver, Gold, and Paper Currency would be preferred.

No. 28.—Bar gold is rarely seen here; but when it is, its purity is ordinarily ascertained by rubbing it with a touch-stone and some times by melting it.

No. 29.—Not to any extent.

No. 30.—Jeyporee, Hydrabadee, Furruckabadee, Dekhunee (of the several Emperors), Nepalee, Soorut, Lucknowee, Benarsee, Azeemabadee, Gwalioree, Bhurtpooree, Boondee, and Charyaree.

No. 31.—Their price varies according to the market rate of gold.

No. 32.—No.

From the Officiating Deputy Commissioner, Jubbulpore,—dated the 13th March 1866.

In reply to your Circular dated the 16th February 1866, I have the honor to furnish the following replies to the queries put by you.

No. 1.—No; the Native community, as a rule, scarcely ever make use of notes, and the mahajuns only resort to them when the hoondees, usually procurable, are at a premium.

No. 2.—The depreciation of the value of notes in this district is attributable to two causes. One is, that the amount of these notes is not ordinarily payable from all the Government treasuries. They are only cashed in the head office of issue of Paper Currency, and this is situated at such an immense distance from the outlying districts that not in one case out of a thousand can the holder of a currency note travel merely for the purpose of having his note cashed. The natural result of this want of facility in converting currency notes is, that mahajuns are resorted to, who will not, of course, part with cash unless it is made worth their while to do so. The other reason is that, even supposing that all the treasuries in India cash notes of every description immediately on presentation, still, should the holder of the note have occasion to change it for coin at a short distance from the treasury, and apply to a shroff for the same, he must sell the note at some discount, or the shroff will not take it, and people would generally bear a little loss to save the inconvenience of going down to the treasury. The people too, as a rule, object to notes on the ground that, if they are lost or eaten by white-ants, there is great difficulty in recovering the value. The rate of discount paid by the holders ranges from 8 annas to 2½ rupees per cent.

No. 3.—The practice followed in this treasury is laid down in circular, No. 3850, of 10th December 1864, from Secretary to the Government of India, an extract from which is subjoined :—

"That officers should receive currency notes in payment of all Government dues; and "should pay them on tender of silver, or to persons having claims upon the Government, if "those persons make no objection to them. As a rule, every one who comes to receive money "from a local treasury should be asked how he would like to be paid—in silver or notes—or partly "in silver and partly in notes; and if so, in what proportion; and if wholly or partly in notes, "the number and denominations of notes required, but no one must be obliged or pressed to "take notes against his free consent." And again, "that notes are to be cashed at places "where there is no branch bank acting as agents for the Government currency, and then "only to a limited extent and for small sums as an accommodation to private parties or travel-"lers at the discretion of treasury officers."

No. 4.—No; they are not sufficient. Nothing short of making the currency notes payable in every treasury and sub-treasury, if possible, will promote their circulation; but there is this disadvantage attending this proposal, that it will greatly increase the work in the treasuries and sub-treasuries, while their establishment is at present reduced to the lowest limit compatible with efficiency.

Nos. 5, 6, and 7.—As I have stated above, the only mode which could promote the reception of the Paper Currency is to increase to the utmost the facilities for cashing the notes on presentation, or rather the favorable reception of the notes will be in exact ratio to the facilities afforded for converting them into silver. The present arrangement of circles, in which notes of one circle cannot be ordinarily changed out of it, save at Calcutta, obstructs their reception. People have generally occasion to remit money out of the circle for the purposes of trade in liquidation of debts, or as assistance to distant relatives, &c. In such cases, the want of facility to obtain cash for the notes, and the necessity of having to resort to bankers, who, of course, will not give cash without sufficient consideration, depreciates their value, and consequently makes them unfit for the purposes of remittance. The plan of an universal note for all India, convertible at all Government treasuries, is the only means of giving it all possible circulation.

Nos. 8 and 9.—I do not think a 5-rupee note would be advisable; the amount is so exceedingly small that it would not, in my opinion, force itself into currency.

No. 10.—When hoondees on Calcutta or on the head quarter station of the currency circle are at premium, there is generally a rush for these notes among bankers; at other times they are not used.

No. 11.—They almost always exact discount. When hoondees on Calcutta or Nagpore are at a premium, the bankers would take notes from each other at par, but seldom or never from the outsiders.

No. 12.—Such bankers as have branch shops at the head quarter station of the currency circle do so.

No. 13.—They do not prefer currency notes to hoondees, because, if the former are lost, there is always delay in obtaining money; while duplicate or even triplicate hoondees can be had at once.

No. 14.—A circumstance like that mentioned never occurred, as cash is not ordinarily freely paid to every person who would present notes; but were such a dilemma ever to occur, the Deputy Accountant General would provide funds from the nearest treasury, if possible, or failing that, would authorize the issue of supply bills on Calcutta. Remittances from one treasury to another are conveyed in carts escorted by detachments of police. But in another two years this place will be connected with Calcutta and Bombay by rail, and there would be no difficulty in reinforcing the reserve of silver, if at any time it fall short.

Nos. 15 and 16.—The treasury has some times become empty of notes, and unable to meet the demand, in consequence of a sudden rush of bankers for them; but this was owing to the difficulty of knowing when such a rush for notes, which at ordinary times did not command many purchasers, would occur; but I believe, never in consequence of the indents having been dishonored.

No. 17.—Ordinarily the Government gold mohurs are exchanged at Rs. 15 a piece; if, however, any one wants to purchase them from shroffs or bankers, he must pay a few annas extra.

No. 18.—There are no English or Australian sovereigns in circulation in the bazar.

No. 22.—The people appear to be fond of gold, both for the purposes of hoarding and circulation. Indeed, with the dearness of provisions and consequent prosperity of the agricultural classes, the gold trade has received an unprecedented buoyancy. A large quantity is purchased for ornaments, and it is not unusual to keep even gold bars as they are easily sold.

No. 23.—They undoubtedly would; but it must be made a legal tender like Silver Currency, and the relative value of the two properly fixed.

No. 24.—Undoubtedly they would.

No. 25.—I do not see how a Gold Currency will help the establishment of a Paper Currency any more than the silver one now in circulation. The Paper Currency can only find favor, when there is the greatest facility for converting the notes either into silver or gold.

No. 26.—The convertibility of the note would not be dependent on the establishment of a Gold Currency so much as on the nature of the note itself. The first essential is to afford facilities for cashing a note without much loss to the holder, wherever he may be, and whether the holder get gold or silver in exchange would matter very little.

No. 27.—The mahajuns and traders would like a Silver and Gold and Paper Currency, provided that the latter could be easily changed in Government treasuries.

No. 28.—It does to a certain extent. Its purity is tested by melting a portion of it, by the *kussowtee* stone, and by boring it in the middle of the bar.

No. 29.—Not to any sensible extent.

No. 30.—1, Alum Geeree mohur; 2, Furruckabâdee mohur; 3, Jeyporee; 4, Akbaree; 5, Shahjehanee; 6, Lucknow; 7, Hoon; 8, Soortee.

No. 31.—No.

No. 32.—Some of the gold mohurs, like Jeyporee and others, bear an artificial value, as there is less suspicion of the purity of gold contained in them, which saves the labor of testing, &c.

From the Officiating Deputy Commissioner, Jullundur,—dated the 2nd May 1866.

This report has been prepared after obtaining the opinions of some of the bankers and traders of the district, and after consulting Mr. Penn, Judge of the small cause court and late treasury officer at Lahore, and Mr. Spencer, treasury officer at this station.

No. 1.—The fact that the notes are not convertible at every Government treasury has the effect of creating a trade in notes which diminishes their circulation in proportion to the rate of discount.

No. 2.—The reason for their depreciation is that they cannot be exchanged for silver except at Lahore and Calcutta. The average rate of discount is Re. 1 per cent. for notes less than Rs. 100, and from 8 to 10 annas for notes of Rs. 100 and upwards. The fact that notes are not convertible into cash at all Government treasuries creates a certain distrust in the minds of native bankers, &c.

No. 3.—At Jullundur, currency notes are received at Government treasuries in payment of Government demands. They are given to the public in exchange for silver. Silver is not given in exchange for notes save in exceptional cases under the provisions of Accountant General's circular, No. 145, dated 27th July 1864. The treasury officer reports that on one occasion, when the supply of notes at this treasury was running short, he ventured to receive notes in exchange for silver, and thereby obtained a small addition to the stock of notes in the treasury; but on this being reported to the Accountant General, the practice was prohibited.

No. 4.—These facilities are not sufficient. There seem to be two means of increasing them—

1.—Permit the treasury officer, when the stock of notes in the treasury has run low, to invite bankers and others to exchange their notes for silver.

2.—To declare that notes are convertible at every Government treasury. The first plan seems to be feasible. The second plan is objectionable, unless it is really worth the while of Government to undertake the office of money exchanger, in order to make notes popular.

No. 5.—The present arrangement of circles, with a separate note for each circle, is calculated to retard the reception of the Paper Currency; every facility for encashment that can be offered would no doubt tend to popularize the new system. I am ignorant of the principle on which it was determined to establish separate circles. The advantages of an alteration are undoubted. It is supposed that there would be disadvantages also. The one must be weighed with the other.

No. 6.—I certainly would not increase the number of circles. If the present number of circles were maintained, I would certainly be disposed to establish offices of sub-issue.

No. 7.—But I should prefer the plan of having one universal note for the whole of India, convertible at the Presidency towns and at certain specified treasuries. I would recommend the first plan mentioned in answer No. 4; but I would not recommend that Government should exchange notes at all treasuries. I cannot think that by such a course the gain in popularity of the notes would make up for the loss that would be entailed.

No. 8.—A note of Rs. 5 would be very convenient for making small payments, *e. g.*, payments of subscription, wages, small remittances, &c. I believe that a note of this value would have a large circulation. The facilities for exchange would certainly have to be increased, but they might be diminished after the confidence of the Native community had been gained. I am, however, very doubtful as to whether notes of any description are likely to become popular with the bulk of the population. With the mercantile community the case is different, but the agricultural population is not alive to the inconvenience of transaction in hard heavy cash. There is an almost natural instinct in man which makes him prefer coins to notes. A small gold piece, value Rs. 5, would be far preferable to a 5-rupee note.

No. 9.—No.

No. 10.—Yes, where a premium on hoondees obtains. When a discount is given, notes are not remitted; when remittances have to be made to places where offices of issue exist, and where the notes are readily convertible into silver, notes are much used; when the issue of notes of a large value was stopped, it was found not unprofitable to make remittances in bundles of small notes.

No. 11.—Yes, except when notes are given in payment for goods sold.

No. 12.—No; the rate of discount prevailing in this district does not encourage such a practice.

No. 13.—Yes, when a premium has to be paid on hoondees.

No. 14.—The railway does not as yet afford facilities for reinforcing the reserve of silver in the Jullundur Treasury. The grand trunk road runs through the district, and there is a metalled road from Hooshyarpore, the head quarters of a very rich district. If the silver reserve ran low, application would be made to the Accountant General, who would, in all probability, order remittances from the neighbouring treasuries of Loodiana and Hooshyarpore. The income of the latter district is considerable, and the expenditure comparatively small.

No. 15.—Yes; the various indents made by this treasury for notes have been as follows:—

1.—Indents sent to Lahore, August 3rd, 1865. Notes received on the 29th August 1865. The last note of this indent was issued by the end of November 1865.

2.—Indent sent on the 27th October 1865. Notes received on the 20th November 1865.

During the interval elapsing between the issue of the last note in store and the receipt of a fresh indent, applications have been made for notes, but not to any great extent.

No 16.—No reasons assigned.

No. 17.—From Rs. 14-12 to Rs. 14-14 each.

No. 18.—From Rs. 10-2 to Rs. 10-3 each.

No. 19.—About Rs. 10-1-6.

No. 20.—Yes.

No. 21.—Because gold is imported into the Presidency towns, and is more plentiful.

No. 22.—Yes, for hoarding and converting into ornaments, but rarely for circulation.

No. 23.—Yes; the bankers alone might not like it at first, as it might interfere with their profits in the purchase and sale of gold.

No. 24.—Certainly; the preference is a natural one.

No. 25.—Gold Currency would, in all probability, check the currency of notes of small value for obvious reasons with regard to gold being held in reserve, that would depend on the value of gold obtaining at the time. If its relative value to silver were altered in such a way that it would becomemore profitable to sell it as bullion than to keep it in reserve, it would not be held as a reserve at all, and with a double standard of gold and silver this would be occurring frequently. How at the time of establishing a Gold Currency this difficulty could be met is not within the province of this question; but a consideration of that difficulty might carry with it a solution of this question itself.

No. 26.—Unquestionably, because the retention of gold in reserve to assist the convertibility of notes would diminish the expense of transport of treasure.

No. 27.—Opinions vary. Mr. Penn, Judge of the Small Cause Court, Jullundur, an experienced treasury officer, holds the following opinion:—

"The Native bankers prefer a Silver Currency alone, as they have lost somewhat the pro-"fits of exchange by the currency notes, and would lose them entirely if the notes were "universally acceptable. To a Gold Currency they are rather averse"

Mr. Spencer, the treasury officer at this station, states his opinion as follows:—

"The Natives would, on the whole, be glad to see all three—a Gold, a Silver, and a Paper "Currency; but it will depend on circumstances as to the ratio in which each will circulate, and "so as to the degrees of *permanent* preference which each will receive as far as I am able to "judge. I think, *as soon as we had tided over the encashments* caused by the existence of a *double* "*metallic standard*, the preference would be given to gold for purposes of reserve, and for the "larger transactions of the country, and that the Paper Currency, while sharing in these "transactions would replace silver in respect, of the multitudinous small transactions of the country."

No. 28.—Not at Jullundur, to any extent.

No. 29.—Not as a means of currency. They are bought and sold as fancy articles and for hoarding.

No. 30.—Old Jeyporee, old Moorshedabadee, and Mahomedshahee. There are other sorts to be sometimes met with, but they are scarce.

No. 31.—No, the prices vary according as the price of gold varies.

No. 32.—Not generally; very rare coins may fetch prices slightly in excess of their actual value.

The value of mohurs is, as a general rule, determined with reference to their weight and the quality of the gold.

Opinion of R. Spence, Esq., *Treasury Officer, Jullundur.*

No. 1.—No. The fact that the notes are not convertible at every Government treasury has the double effect of creating *a trade in notes*, which diminishes their circulation in exact proportion to the rate of discount which the state of the market enables shroffs and bankers to demand; and it creates an absolute distrust in the notes on the part of the Native community, which has a still worse effect on their circulation.

No. 2.—Because they cannot be exchanged for silver, except at certain head offices of issue. The average rate of discount is 1 per cent. for notes less than Rs. 100 in value, and from 8 to 10 annas per cent. for notes of Rs. 100 and upwards in value.

No. 3.—Currency notes are received at Government treasuries in payment of Government demands, and are given to the public in exchange for silver; but silver is not given in exchange for notes. Some time ago, when the supply of notes at this treasury was running short, I ventured to receive notes in exchange for silver, and thereby obtained a small addition to the stock of notes in the treasury; but on my reporting this demi-officially to the Accountant General at Lahore, I was directed to discontinue the practice for the future.

No. 4.—These facilities are not sufficient. The notes should be made convertible into silver at every Government treasury: by this I mean all sub-collectorate treasuries, as well as the treasuries at the head quarters of districts, because the great object is to let the Native community see that *we place the same value on the notes when we buy them in* (which happens in the case of notes being made convertible into silver at Government treasuries) as *when we sell to them* (which happens when notes are given in exchange for silver). The fact that the sub-collectorate treasuries are great centres for the receipt of the imperial revenues would, I think, enable them to have always cash in reserve to meet the payment of notes; and with regard to the district treasuries, my impression is that we have always a larger cash balance locked-up in reserve than is absolutely necessary, and that, therefore, we would not practically be put to any very great expense in keeping a reserve for the encashment of notes. But this opinion I might modify after a more careful and accurate examination of the general state of the cash balances than I have been able to afford.

No. 5.—The arrangement of separate circles is not understood by the Native population, and is cumbrous and inconvenient in itself. In paragraph 25 of his Minute of the 25th December 1859, Mr. Wilson wrote thus:—"All notes issued in Bengal, the North-Western "Provinces, and the Punjab should be payable at Calcutta as well as the place of issue (of "each separate circle), and all notes issued in the Presidencies of Bombay and Madras "respectively should in like manner be payable in Bombay and Madras. I incline to think "that the course of the exchange between the interior and the shipping ports is always such "as would admit of this concession without loss; and if so, it would be a great advantage to "the circulation of the notes." The argument as to the state of the exchange applies equally to any proposition for the encashment of notes beyond *some at least* of the limits of the present circles.

No. 6.—The establishment of offices of sub-issue would undoubtedly inspire the Native community with confidence in the Paper Currency: notes would then pass from hand to hand as rapidly and with a sense of their security as in the case of silver, the discount at present demanded by bankers would cease to be taken, and this increased confidence in the notes would, I am convinced, be felt in every part of the country, and would result in a sensible expansion of all monetary transactions.

No. 7.—I think the plan of having one universal note for all India would be the most acceptable to the Native public, and the soundest in practice; but if the state of the exchange will not allow of the instant convertibility of the note at almost every treasury in the country, then I would resort to the plan of maintaining the present arrangement of circles, making the notes payable at all the treasuries within each circle. In establishing a Paper Currency, we have to consider not only the economical side of the question, but the view of it which the Native community may take; and that view will always be coloured by the position which the Government itself may assume in reference to the currency. The Native community *will not* understand our refusal *to buy the notes*, that is, *why* we should be willing to part with our notes in exchange for silver, and yet be unwilling to give silver in exchange for the notes. To say that the Government is willing to take notes in payment of its own demands is not sufficient, because as the notes have not yet freely circulated, and are not, therefore, begun to be paid to any large extent, in lieu of Government demands, the argument is not *patent*, is not perceptible. In fact, what the Native community perceives very readily is, that silver has a certain marketable value; that Government wants silver and offers notes in exchange; that these notes bore no intrinsic value as

evidenced by the refusal of Government to take them in exchange for silver, and it accordingly declines to accept a medium which to-morrow's enactment might depreciate. If notes were made convertible at the local treasuries, we should, of course, have to maintain a certain reserve for encashment, and it would be necessary to increase the value of public securities at present held in deposit; but I believe that the experience of a very few years would enable us to diminish our liabilities on this account very considerably. At the first start, we might have to give a large quantity of silver in exchange for notes, because there would be a sensible feeling of the Government pulse (as a test of its good faith) on the part of the Native community; but as soon as ever confidence had been established, I believe the encashment of notes at the local treasuries would diminish so sensibly that the data furnished by a few years' experience would justify us in cutting down our reserve both of cash and of public securities.

No. 8.—I would propose a note of the value of 5 rupees on the same ground as that taken up by Mr. Wilson, in his speech in Council, delivered on March 3rd, 1860; the denomination of notes should be determined with reference to the character of the monetary transactions of the country; a 5-rupee note would be in exact keeping with the character of the transactions of this country, and would be most extensively used in the adjustment of wages. But as the forcing of such a note as legal tender on the classes to whom it would be *a priori* acceptable, involving under the present conditions a heavy discount, would render the measure one of extreme harshness, I would prefer a note of this denomination only on the condition that it would be convertible into silver at every Government treasury.

No. 9.—Yes. The multiplicity of Indian transactions would, I think, cause them to be more used than notes of almost any other denomination.

No. 10.—Yes. When a premium on hoondees obtains, or when any special derangement of the money market, or mania for speculation, renders it on the whole safer and more profitable to make remittances by notes rather than by hoondees. When remittances have to be made to places where offices of issue exist, and where, therefore, the notes are readily convertible into silver, notes are almost wholly used if they can be had at the treasuries, where, for example, the issue of notes of a large value was stopped, still it was found not unprofitable to make remittances in perfect bundles of small notes.

No. 11.—Yes, except when notes are given in exchange for goods sold.

No. 12.—The rate of discount prevailing in this district does not admit of such a practice obtaining generally; of course, as long as the present institution of offices of sub-issue continues, it is merely a question of the extent to which the money market may be deranged as to whether such a practice would obtain, that is to say, if the money market is deranged to such an extent that there is a very powerful demand for silver, every available note will be seized for the purpose of encashment, and it is impossible to predict the amount of mischief which might result from a large portion of the Paper Currency being thus thrown out of circulation at a time when the tightness of the money market would require so many additional facilities of exchange.

No. 13.—Yes, when a premium has to be paid on the hoondees.

No. 14.—As far as this particular district is concerned, I do not anticipate that any difficulty would be experienced in reinforcing the reserve. The neighbouring rich district of Hooshyarpore, which is itself off the main communications, and whose reserve, therefore, would not be so large as that of this district, would enable this district to reinforce its reserve in *two days*, on an emergency in less time.

No. 15.—Yes. The various indents made by this treasury for notes have been as follows:—

1*st*.—Indent sent to Lahore, 3rd August 1865. Notes received on the 29th August 1865.

The last note of this indent was issued at the end of November 1865.

2nd.—Indent sent on 27th October 1865. Notes received on 20th November 1865.

During the interval elapsing between the issue of the last note in store and the receipt of a fresh indent, applications have been made for notes, but not to any great extent.

No. 16.—No reasons assigned.

No. 17.—From Rs. 14-12 to Rs. 14-14 each.

No. 18.—From Rs. 10-2 to Rs. 10-3 each.

No. 19.—About Rs. 10-1-6.

No. 20.—Yes.

No. 21.—Because gold is more plentiful in the Presidency towns than in the mofussil, where, therefore, competition is not so keen.

No. 22.—They are fond of hoarding gold, but the rates at which gold coins are sold in the bazars prevent the use of gold for purposes of circulation; and as gold is not a legal tender, and its value is continually fluctuating, it is not an efficient agent as a circulating medium. See in illustration the accounts of the exportation of gold into this country in Sir Charles Trevelyan's Minute.

No. 23.—Yes. I do not think that the purchase and sale of gold by Native bankers is sufficiently extensive, and is not, therefore, sufficiently remunerative to enlist their sympathies *against* a Gold Currency.

No. 24.—Yes, as *long as the present* (comparative) inconvertibility of notes continues, but I believe that as the existence of a double standard (gold and silver) would complicate matters according as the relative values of the two metals altered from time to time, these gold coins, now rising, now depreciated in value, would be looked upon with as much distrust as the notes are at present, and I think, therefore, that a medium, such as that of notes which is not liable to the same fluctuations, would be preferred, if it were readily convertible into silver.

No. 25.—That would depend on the value of gold obtaining at the time. If its relative value to silver altered in such a way that it would become more profitable to sell it as bullion than to keep it in reserve, it would not be held as a reserve at all, and with a double standard of gold and silver, this would be accruing frequently. How, at the time of establishing a Gold Currency, this difficulty could be met is not within the province of this question; but a consideration of that difficulty might carry with it a solution of this question itself.

No. 26.—Unquestionably, because the retention of gold in reserve to assist the convertibility of notes would diminish the expense of transport of treasure.

No. 27.—The Natives would, on the whole, be glad to see all three—a Gold, a Silver, and a Paper Currency; but it would depend on circumstances as to the ratio in which each would circulate, and as to the degrees of permanent preference which each would receive. As far as I am able to judge, I think that, as *soon as we had tided over the embarrassments caused by the existence of a double metallic standard*, the preference would be given to gold for purposes of reserve, and for the larger transactions of the country, and that the Paper Currency, while sharing in these transactions, would replace silver in respect of the multitudinous small transactions of the country.

No. 28.—Not at Jullundur to any extent; when it is found at all, it is tested by fire.

No. 29.—Native gold mohurs are not extensively used for circulation, they are used for hoarding principally.

No. 30.—The Jeyporee (old and new); the Moorshedabadee; Furruckabadee (old and new); the Mahomed Shahee, the Delhi, and the Durra gold mohurs.

No. 31.—No, the prices vary according as the price of gold varies.

No. 32.—They bear no artificial rate whatever.

From the Acting Collector of Kaira,—dated the 5th April 1866.

I have the honor to forward herewith replies to the Circular dated 16th February, on the subject of the Government Paper Currency.

Having consulted my hoozoor deputy collector in charge of the treasury of Kaira, I have to request you will consider these replies as from him in answer to the copy of your circular sent to him direct.

No. 1.—Notes are seldom, if ever, used. My information as to their being received at their full value is conflicting.

No. 2.—Those who report that a discount is charged urge the suspicion of the Natives as the cause.

No. 3.—Very small; the orders on the subject are contained in the Government of India notification, No. 19, dated 2nd March 1862, and in their letter, No. 1792, dated 8th August 1865, to the Head Commissioner of Paper Currency.

No. 4.—I think that if eventually every mamlutdar, and, at first, each sudder treasury, were allowed to cash all notes presented, leaving a minimum balance for other purposes, the use of notes would increase greatly. At present, the facilities suffice for the demand. It is the uncertainty as to the notes being cashed which, at least in large towns where the traders have dealings with Bombay and understand the Paper Currency system and its advantages, has failed to create the demand.

No. 5.—No, it leads to confusion in the minds of the people.

Nos. 6 and 7.—I would prefer one note for all India, convertible on demand at certain specified treasuries. My reason is that we must show the Natives that the little bit of paper *we* call a note is as good as the amount of silver it purports to represent; we can only do this by letting them see that when they want the silver they can get it on demand; *e. g.*, A., of Bombay, wants to bring Rs. 5,000 to Neriad: if he knew they would be at once cashed at the treasury, he would bring up notes to that amount, and thus save the expense, trouble, and risk of transporting the silver. The same confidence which induced him to bring the notes will induce another man wanting to send money *from* Neriad to take them from him. As confidence arises, notes would supersede the use of hoondees whenever the rate for these was lower than par. Notes would be sent in halves by registered letters, and thus save the discount of hoondees and the loss of time for their maturing.

No. 8.—Not for this zillah, where all transactions among the Natives are carried on in Babasye Currency.

No. 9.—No, for the reason stated above.

No. 10.—Never, hardly as yet.

No. 11.—*Vide* answers Nos. 1 and 2; my own belief is that discount is always charged, if notes are ever presented, to cover what may be called or believed to be the risk.

No. 12.—No.

No. 13.—Eventually, I believe, they would prefer the note; at present they do not use it.

No. 14.—As the circulation of notes is limited at present, the silver reserve could not run low; if greater facilities for cashing were afforded, and a run were made on the reserve, I should probably apply to Bombay and get silver by the railway, 288¼ miles from the Bank of Bombay. The treasuries of Ahmedabad and Surat are connected with this zillah by railway at the distances of 18 and 125 miles respectively.

No. 15.—No.

No. 16.—Vide supra.

No. 17.—Government gold mohurs are unknown, but if ever presented, would be taken at their value as gold according to weight.

No. 18.—It varies with that of Bombay plus 2 annas.

No. 19.—The same as that of the English sovereign.

No. 20.—Yes, generally 2 annas higher in this zillah.

No. 21.—To cover cost and risk of transport and interest.

No. 22.—Very.

No. 23.—Certainly.

No. 24.—No, not more when confidence in the notes was once established. Till then they would.

No. 25.—I cannot see how it would help it, and do not, therefore, think it would.

No. 26.—Vide supra.

No. 27.—Decidedly all three together. The *smaller* shroffs and traders not having yet confidence in Paper Currency, do not want more than Gold and Silver Currencies.

No. 28.—Yes; its purity is ascertained by the application of touch-stone and other systems of assay.

No. 29.—No.

No. 30.—There is only one kind ever brought, and that comes from Rajpootana. Its name is Farsee, but that seems a general term for the whole Rajpootana Currency. I have seen one gold mohur of Akbar's time, but it was kept as a curiosity painted red and worshipped.

Nos. 31 and 32.—All gold coins pass for their intrinsic value according to their purity and weight.

From the Deputy Commissioner of Kangra,—dated 13th April 1866.

No. 1.—The replies received indicate that notes are not readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—The reason generally assigned is, that they are not exchanged at the nearest treasury. The rate of discount taken is generally 2 per cent.

No. 3.—Currency notes are cashed to a limited extent at the discretion of the deputy commissioner and treasury officer, not at tehsils. The discretionary power is not well defined.

No. 4.—These facilities are not sufficient. A Paper Currency cannot obtain favor with a naturally suspicious people when notes are not honored at the public treasuries. The remedy is to make currency notes payable at Government treasuries generally. This appears to me to be the reply to the question put. I am not here called upon to argue the difficulties in the way of applying this remedy.

No. 5.—No, certainly not.

No. 6.—This would undoubtedly be a move in the right direction. The two-fold object to be attained is to gain the confidence of the moneyed classes and to facilitate the circulation of the medium. Now, the only way to establish confidence is unhesitatingly to accept notes when tendered for exchange, and even then it may be a work of time to gain confidence; but, clearly, every restriction is so much dead weight against the establishment of confidence.

No. 7.—I would prefer the plan of having one universal note for all India, convertible at the greatest possible number of treasuries with reference to the state of silver balances in hand, and in this opinion the persons consulted generally concur. An universal note for India would vastly facilitate all monetary transactions. The grand object to be aimed at is the removal of all restrictions consistent with safety. Without this condition, no Paper Currency will be of general benefit, and without the additional condition, its almost universal acceptance by Government on a par with silver, it will never command confidence. The chief obstacle in the way of

this solution is, of course, the difficulty of keeping all treasuries supplied with the necessary amount of silver to meet sudden demands. This is a question dependent upon statistics not within my reach, and of so fluctuating a character as to render it very difficult to solve. But if in every division, at least one treasury were kept in funds to meet the calls of the division, the minor treasuries might draw upon it to the extent of their wants, or applicants might be referred to those treasuries. Another difficulty is the loss to which bankers would be subjected were currency notes capable of being cashed at par by all treasuries. This is a reason for anticipating hostility to the currency on the part of a most influential class, and for limiting to some extent the exchange of notes at treasuries. It is a question whether the advantages to commerce generally would not outweigh the loss to the bankers. I think they would, and the latter will no doubt find other means of reimbursing themselves from the public.

No. 8.—It is the general opinion of those whom I have consulted that a 5-rupee note would, on the above conditions, obtain a wide circulation. The principal reason appears to be that it would meet the wants for remittances and general transactions of the humbler classes.

No. 9.—Yes, that is the opinion of persons consulted.

No. 10.—No, I am informed that currency notes are not used by shroffs and Native bankers for purposes of remittance.

No. 11.—Yes.

No. 12.—I am informed that shroffs and Native bankers do buy up notes to a limited extent.

No. 13.—They prefer the hoondees, on account of the danger of loss, the facility of obtaining a duplicate hoondee in case of its being lost, and the difficulty attending similar transaction in the case of a note.

No. 14.—This is a very out-of-the-way treasury. The nearest treasuries to apply to are Hooshyarpore and Goordaspore. Dhurmsala is 82 miles from Hooshyarpore by a bad cart road, and 76 miles from Goordaspore by a camel or mule road, and 119 miles from Umritsur, the nearest railway station.

No. 15.—No, they have been presented and accepted only to a limited extent.

No. 16.—The only reason for refusal is the discretionary restriction imposed by the department of account. See answer 3.

No. 17.—According to weight. A gold mohur of 8 mashas fetches 10 rupees, one of 11 mashas 15 rupees.

No. 18.—Rs. 10.

No. 19.—Not known.

No. 20.—No appreciable difference.

No. 22.—The people are fond of gold for hoarding; they do not use it for circulation.

No. 23.—They prefer a Silver Currency.

No. 24.—They would prefer a Gold Currency to notes.

No. 25.—The opinions given indicate that but little assistance would be so afforded, the fact being that the Paper Currency is as yet very far from being favorably looked upon by the Native community.

No. 26.—I should think it would.

No. 27.—From the enquiries I have made, I learn that they would prefer a mixed Silver and Gold Currency.

No. 28.—Yes it does; it is tested by the touch-stone and fire.

No. 29.—Only to a limited extent.

No. 30.—Mahomedshahee, Akbaree, Shahjehanee, Ahmenshahee, all Delhi currency, Jeypore, Furruckabadee, Rajashahee, Nanuckshahee, and Lucknow.

No. 31.—They generally pass for intrinsic value.

No. 32.—They are accepted more or less according to purity of gold.

From the Deputy Collector in charge of the Treasury, Kistna District,—dated the 16th March 1866.

As requested in your Circular dated the 16th February 1866, which reached me on the 7th of this month, I have the honor to forward herewith my replies to the queries therein contained. I would have sent them earlier had it not been for the absence of my collector, who is on circuit in the district, and to whom I submitted them for perusal (as nothing could leave this office without his permission, according to the ruling system of this Presidency), and who has been pleased to favor with his opinion* on the subject, which is also herein enclosed for your information.

* Appendix C.

No. 1.—The notes are not now received and paid in full value in private monetary transactions by the Native community.

No. 2.—The depreciation* is owing to the absence of *free* payment on demand in Government treasuries. The discount varies thus,—from 10 to 100 rupees notes at 1 to 1½ rupee, and above 100 to 1,000 rupees and upwards, at 4 annas to 1 rupee.

* *Vide* Appendices A. and B., showing the restrictions.

No. 3.—In the months of December 1864, and January, February, March, &c., of 1865, when full freedom was, under the marginal order, given to the circulation of the notes, there was a large demand for the notes. The facilities then afforded were that no limit was placed either in respect to quantity, time of issue or payment, persons or circles. All notes presented were cashed, and for all silver delivered, notes were issued in different values, as required by the parties.

Accountant General's Notification, No. 98, dated 22nd March 1864.

Treasury officers are requested to observe that where currency notes meet with a ready issue, there is no objection to such notes being cashed on presentation to a considerable extent. The restriction against cashing notes are intended to prevent treasuries being drained of silver; but there can be no objection to cash being paid in exchange for paper, to an extent nearly commensurate with the rate at which the stock of currency notes is found to be diminishing. If it be found that notes are issued at the rate of say 20,000 rupees a month, it will be perfectly right to cash notes up to nearly that amount monthly, say 15,000 rupees.

No. 4.—If it is permitted that, even in talooks and villages, notes may be received and issued to all parties indiscriminately, their circulation would be undoubtedly extended very largely.

No. 5.—I do not think that the present arrangement of circles, &c., is well calculated to promote the reception of a Paper Currency by the Native population, because they find the notes of one circle difficult of cashing in another circle, either by way of remittance, or by carrying them while travelling.

No. 6.—I would propose that each collector's local treasury should form the chief office of issue, and that the head office of issue at Madras should make the necessary supply of notes on indent from the treasury officer each month. In short, every thing is to be done, as is done now, by the Superintendent of Stamps at Madras, who supplies stamps to each district.

No. 7.—I would suggest that, whether one universal note for all India, or a separate note for each circle or district, be maintained, it must be made current everywhere. The people should be in a position to believe that the notes are cashable anywhere in India, and, if possible, in all other British territories. The Paper Currency would then only be in the confidence and liking of the Natives. Such a plan would naturally prevent them from presenting too many notes at the same time to be cashed in any one treasury so as to create difficulties. If they know the notes can be cashed in any treasury, they will fearlessly send them to any they like, making the interval of time by post advantageous to service and the convenience to each treasury.

Nos. 8 and 9.—Yes; 5-rupee notes would have a larger circulation among the Native population, as they would suit the convenience of parties making small remittances, which are frequent.

No. 10.—Yes; they are used much for remittances.

No. 11.—It is not always the case. In certain cases, notes are taken from shroffs, &c., even on payment of a premium when hoondees are not to be had.

No. 12.—Yes; the shroffs, &c., do so when the notes cannot be cashed in the collectors, treasuries.

No. 13.—At the time alluded to (paragraph 3), in this district, when there was a free cashing of notes, the bankers, &c., preferred notes to hoondees to avoid extra expense and delay.

No. 14.—We generally advertised what quantities of silver and notes were available for each month. This naturally acted as a check against unforeseen demands, which were rare; if such cases occurred, we could have recourse to the adjoining Godavery district, navigable canals connecting this with that district. Moreover, I do not anticipate any such contingency to arise, as the merchants and others know that their notes are equally cashable in other districts under my proposed plan.

No. 15.—No such difficulty ever occurred with us, for I did always, under the instructions of the collector, indent for and obtain beforehand a sufficient supply of notes.

No. 16.—The notes were always most readily supplied to me.

No. 17.—The Government gold mohur, of 15 rupees value, is priced at 16 rupees. It is, however, scarcely in use.

No. 18.—The English sovereigns are priced at Rs. 10-5 each.

No. 19.—The Australian sovereign is priced at Rs. 10-4.

No. 20.—Yes; the coins bear always a higher value in the Mofussil than in Presidency towns, from which they are remitted for disposal in the district.

No. 21.—Because they are largely sought after by the agricultural population and rich Natives on account of the scarcity of gold.

No. 22.—Yes; both for hoarding and circulation, also for making jewels. Merchants remit them instead of silver.

No. 23.—With great pleasure they would.

No. 24.—Both are liked equally—the gold coins for purposes above-mentioned, and the notes for remittance and district circulation.

No. 25.—Yes; it would assist, in a great measure, in that way too.

No. 26.—Yes; it would do so certainly.

No. 27.—The shroffs, &c., like and desire all the three kinds of currency, *i. e.*, silver, gold, and paper.

No. 28.—Bar gold is in circulation. It is tested commonly here by rubbing it on the touch-stone kept by goldsmiths.

No. 29.—No, not at all. They are purchased for gold for ornaments.

No. 30.—Bengala, Madras, Hyderabad, Surat, Akbar, Mahomed Shâyi, Sultan; and there are others of the Mogul stamp, the names of which we do not know.

No. 31.—They are to be had only at a premium.

No. 32.—They do not bear an artificial value. They are paid for more silver than what is fixed in the Accountant General's tables for commutation, because there is a large scarcity of English or Australian sovereigns, *i. e.*, the supply is not equal to the demand.

APPENDIX A.

"Rules for cashing currency notes."

It appearing that, notwithstanding the circulars from this office on the subject, many collectors are still in the habit of allowing their deputies to cash notes to an unlimited extent, even when they are aware that the parties presenting them are merely using them as a means of remittance, the undersigned has the honor to forward copy of Rule 2* of the Government of India, which he requests may be printed in large type, and hung up in the office of each disbursing officer.

* RULE 2.—"That notes are to be cashed * * * only to a limited extent, and for small sums, as an accommodation to private parties or travellers, at the discretion of treasury officers."

I have, &c.,

(Signed) H. A. MANGLES,

Acting Accountant General.

Use of currency notes as a medium of remittance in mercantile transactions to be discouraged

CIRCULAR No. 19.

Copies forwarded for the information and guidance of all collectors (except sea customs), the Commissioner of Mysore, Resident of Travancore, with a request that the orders of the Government of India may be kept in view in preparing indents for currency notes.

FORT ST. GEORGE;
ACCT. GENL.'S OFFICE,
The 26th August 1865.

(Signed) F. LUSHINGTON,

Accountant General.

From E. H. LUSHINGTON, ESQ., *Secretary to the Government of India, Financial Department, to the Head Commissioner of Paper Currency,—No.* 1792, *dated Simla, the 8th August* 1865.

I am directed to acknowledge the receipt of your letter No. 234, dated 27th July, submitting, for the orders of Government, an application from Lahore for four lakhs of notes of Rs. 500 and 1,000 for the treasuries in the Punjab, and enquiring whether they should be supplied.

2. In reply, I am desired to refer you to a copy of my letter, No. 1743, dated 4th instant, addressed to the Accountant General, North-Western Provinces, from which you will perceive that it is not the intention of the Government of India to supply notes to local treasuries, which are obviously intended to serve as remittance for mercantile transactions in connection with Calcutta, and not for use in the subordinate circle to which they belong. Every facility should be afforded to promote the latter object, and, of course, there is no objection to an exchange of small notes for silver at local treasuries when required by private individuals for remittances on account of their own private affairs; but the Government must decline affording any such assistance when required for the purpose of trade or commerce. One of the chief objects of the Paper Currency is to promote a free circulation of notes in the circles to which they belong, and not to undertake the remittance business of the country which could only be carried out to the great derangement of the Government funds, and with great loss to the merchants and shroffs, who are in the habit of carrying on exchange operations as a regular business.

Ordered, that a copy of the above be sent to the Governments of Bombay, Madras, Bengal, North-Western Provinces, and the Punjab; and the Chief Commissioners, Central Provinces and Oudh.

Ordered also, that a copy of the above be sent to the Accountants General to the Governments of India, Bombay, Madras, Bengal, North-Western Provinces and of the Punjab, and to the Deputy Accountant General, Central Provinces.

APPENDIX B.

Proceedings of the Madras Government, Financial Department, dated the 18th Sept. 1865.

Read the following papers :—

From LIEUT. COLONEL J. CARPENDALE, R. E., *Commissioner of the Issue of Paper Currency, to the* HON'BLE A. J. ARBUTHNOT, *Chief Secretary to Government Fort St. George, No.* 237, *dated the* 28*th January* 1865.

I have the honor to bring to the notice of Government the following suggestions of the Assistant to the Deputy Commissioner of Paper Currency at Calicut, and in which the Deputy Commissioner concurs.

1*st*.—That, as sanctioned in notification of Government, under date July 29th, 1862, henceforth the new currency notes put into circulation at Madras will be received in payment of Government dues in all the Government treasuries in this Presidency, so the notes of the three new circles recently formed may be received at all treasuries. By order of Government of India, No. 3274, 15th November 1864, the notes are only to be received in payment of revenue and of other claims of Government within the circle to which they belong. The Deputy Commissioner considers that few notes of other circles will find their way to the treasuries of Calicut for a long time; but an order for their being freely received in payment of Government dues will give confidence, and hereafter, should it be found to lead to inconvenience, it can be modified or rescinded, in which opinion I fully concur; and would observe that paragraph 11 of the printed rules for guidance of the circle offices provides for the disposal of notes of other circles as if the arrangement above proposed had been contemplated. In regard to cashing currency notes at treasuries, the samh officers suggest that treasury officers in Malabar might, with propriety, be enjoined to case Calicut notes freely to the extent of the surplus collections which they would have monthly to remit to the huzur treasury, and that, in the other districts, comprising the Calicut circle, the amount of currency notes to be cashed might be regulated by the probable amount of remittance from each to Madras or Bombay, the amounts to be allotted periodically to such talooks as may be principal places of trade, or at which notes are most likely to be presented in any number; and that all cash remittances from the several districts of the circle to Madras or Bombay should, as a rule, be made from the central treasury at Calicut, where coin would always be obtainable in exchange for the notes of the circle.

2. The existing rules regarding cashing notes at Government treasuries, are contained in notification, as per margin, by the Accountant General. I am not aware whether this notification refers to huzur treasuries only, or if talook treasuries are included; but if it has latterly been customary to cash notes of the Madras circle at talook treasuries, whereby all treasury officers have become familiar with them, I presume the objections against the practice in Government order, No. 380, of the 20th May 1862, paragraph 4, no longer exist.

No. 98, 22nd March 1864, *Fort St. George Gazette*, page 523, 22nd March 1864.

3. The circulation of notes through the agency of the new circle offices is at present very limited, being as follows up to the 21st instant, or after the offices had been open three weeks :—

	Number of notes in circulation.	Aggregate value.
		Rs.
Calicut	... 66 ...	8,060
Trichinopoly ...	... 145 ...	17,210
Vizagapatam ...	... 433 ...	51,780

And I quite agree with the officers at Calicut, that if, as now suggested, greater facilities for cashing the notes are afforded, public confidence will increase, and the circulation of the notes be greatly extended.

Referred to the Accountant General for his remarks.

(Signed) A. J. ARBUTHNOT,
Chief Secretary.

The 18*th February* 1865.

No. 46.—*From* F. LUSHINGTON, ESQ., *Accountant General, to the* HON'BLE A. J. ARBUTHNOT, *Chief Secretary to the Government Fort St. George,—No.* 205, *dated the* 22*nd February* 1865.

RESOURCE DEPARTMENT.

With reference to the letter from the Commissioner of the Issue of Paper Currency, No. 237, dated the 28th ultimo, forwarded for my remarks, with order of Government in the Financial Department of the 18th instant, I have the honor to observe that Lieutenant Colonel Carpendale's proposition that the currency notes of the three new currency circles recently established, should be received in payment of Government dues by all Government treasuries in this Presidency, without reference to the particular circle to which the notes may belong, appears to me altogether unobjectionable.

2.—In regard to Lieutenant Colonel Carpendale's second proposition, that greater facilities should be granted to the public in the cashing of notes, I beg to annex copy of a letter addressed by me to the Financial Secretary to the Government of India on the same subject, No. 1908, under date the 17th August last. My object in making this reference was two-fold, namely, to enable Collectors to remit their surplus balances to the Presidency more frequently, and at less cost and risk to Government, by means of currency notes, instead of by specie remittance, and thus to concentrate the surplus funds of the entire Presidency as much as possible in the head treasury, and at the same time to afford the public greater facilities than then existed of converting their notes into cash. It will be observed from the reply of the Financial Secretary, No. 2266, dated 5th September 1865, copy of which is also annexed, that, on the first point, I was informed that the arrangement proposed by me, instead of economizing the specie, would have the contrary effect; and on the second, that it was "inconsistent with the first principle of a Paper Currency, which is, that the arrangements "should be so framed as to secure absolute, instant, never-failing convertibility." I have been unable, after a careful consideration of the Financial Secretary's letter, to perceive upon what grounds the arrangement proposed by me was considered open to the objections urged against it; but whatever those grounds may be, they will, I conceive, equally apply to the proposition now made by the Commissioner, and militate against the adoption of it.

3.—That the new currency notes will ever obtain a free circulation, or take the place of specie in this Presidency, unless far greater facilities than now exist are given for their conversion, I do not believe. They will, however, be, as indeed they now are, taken up for the purpose of making remittances to the Presidency, and the Government will hereafter be saddled with the cost and risk of making the remittances of private parties to an extent of which at present they can have no idea.

From F. LUSHINGTON, ESQ., *Accountant General, to the Financial Secretary to the Government of India, Simla,—No.* 1908, *dated Fort St. George, the* 17*th August* 1864.

Referring to the instructions of the Government of India, communicated in your letters, numbers and dates as per margin, I have the honor to inquire whether, in those districts in which there is always a large surplus revenue, and which cannot be drawn away by means of supply bills, a general authority may be granted to the collectors of such districts to cash currency notes within the limits of their surplus balances.

No. 1341, dated 11th March 1864.
" 818, " 11th June 1864.

2.—The immediate cause of this inquiry, I beg to remark, is an application made to me by the Agent of the Oriental Bank Corporation that the Collector of Tanjore may be permitted to cash currency notes issued by their branch bank about to be opened at Negapatam, within certain limits to be fixed by me from time to time, with reference to the state of the treasury there. I am not aware of any objection to a compliance with the request made by the agent, as there would be no obligation, either expressed or implied, on the part of the collector to cash notes when not perfectly convenient to him to do so, while the advantages to Government from the arrangement are obvious. The remittances from Tanjore in specie are both large and frequent, entailing a very considerable expense, as the treasury there is one which cannot be operated upon to any appreciable extent by supply bills, for which there is a very limited demand.

From E. H. LUSHINGTON, ESQ., *Secretary to the Government of India, Financial Department, to the Deputy Auditor and Accountant General, Madras,—No.* 2266, *dated Simla, the* 5*th September* 1864.

I am directed to acknowledge the receipt of your letter, dated August 17th last, No. 1908, proposing that a general authority should be given to the collectors of districts in which there is always a large surplus revenue, and which cannot be drawn away by means of supply bills, to cash currency notes within the limits of their surplus balances, and to state in reply as follows.

2.—There is no portion of the cash balances which may not at any time be required for the public service, and no arrangement can, therefore, be sanctioned which would render any portion unavailable.

3.—One main object of the Government note currency is to economize specie, and the Government cannot, therefore, sanction an arrangement which would have a contrary effect by rendering it necessary to maintain specie in Government treasuries at an amount equal to any possible demand for cashing notes.

4.—Your remark that "there will be no obligation, either expressed or implied, on the "part of the collector to cash notes when not perfectly convenient for him to do so," is inconsistent with the first principle of a Paper Currency, which is that the arrangements should be so framed as to secure absolute, instant, never-failing convertibility.

5.—Finally, I am directed to observe that the necessity for any new arrangement has been obviated by the establishment of the new Trichinopoly circle of issue, in which Tanjore is included.

No. 47.—*Order thereon,* 18*th September* 1865, *No.* 439.

The Governor in Council directs that the currency notes of the three new currency circles lately established be received in payment of Government dues by all Government treasuries in this Presidency, without reference to the particular circle to which the notes may belong.

2.—In their letter of the 4th July last year, this Government urged upon the Government of India the expediency of directing that currency notes should be cashed in all the district treasuries to the full extent of the funds available. His Excellency in Council will again address the Supreme Government on the subject.

APPENDIX C.

Memorandum to be enclosed with the Deputy Collector's replies to the queries of the Currency Commission.

Notes were much sought after by merchants in the Mofussil as a means of remitting small sums from one part of the country to another, and, as such, the circulation was increasing rapidly. The financial authorities at Madras deemed that such was not a legitimate or proper manner in which notes should be employed, and issued such orders to the treasury officers on the subject as practically to put a stop to the circulation of notes in up-country stations and towns away from the head quarter circles of issue.

Treasury officers are forbidden to cash any notes received as remittances from elsewhere, and when asked for notes to be issued are directed to satisfy themselves that they are not required for purposes of remittance, and if so required, to refuse the issue.

Practically, in the smaller towns and throughout the country, this has stopped the circulation, the distrust shown by Government has re-acted on the public, and notes can only be cashed in the bazars at a heavy discount.

To obviate this, without exposing the local treasuries to the risk of being denuded of cash, it would only appear necessary that a portion of the cash balance always lying idle in every district and in many talook treasuries should be declared available for currency purposes. The sum for each treasury might be published on the 1st of every month, and should that sum be exhausted by a run against the cash without corresponding payments for notes being received, cash might then be refused till, on the 1st of the following month, a fresh sum was made available.

The fact of a sum of Rs. 30,000 or 40,000 being available in the district treasury, and Rs. 10,000 or 15,000 in the principal talook treasuries, would inspire confidence in the notes, and they would then, in all probability, pass as such in the market as coin.

The limit set upon cash available for exchange would, at the same time, prevent any risk to the treasury.

That this plan would efficiently float a large currency is not to be expected; but it would be a vast convenience to the public, and would float a considerable amount of paper. In places where the limited accommodation thus offered was found insufficient, it is not unreasonable to suppose that branch banks might spring up.

From the Assistant Commissioner in charge of the Treasury, Kohat,—dated 23rd March 1866.

No. 1.—The circulation of currency notes in this district is very limited. They are received and paid away at their full value in commercial transactions, but are not exchanged for cash at par.

No. 2.—No answer required.

No. 3.—All notes are cashed, and *vice versâ*, that are brought by any one to the treasury, provided that no doubt exists regarding the note or notes.

No. 4.—Yes, in every respect.

No. 5.—No.

No. 6.—No answer required.

No. 7.—I would prefer the plan of having one universal note for all India, convertible at the Presidency towns and at certain specified treasuries, and that the facilities which now exist for cashing a limited number of notes at each treasury should continue.

No. 8.—No, I do not think a note of the value of Rs. 5 would have a large circulation.

No. 9.—No answer required.

No. 10.—Not much, hoondees are generally preferred.

No. 11.—As a rule, discount is taken.

No. 12.—No.

No. 13.—At one time shroffs used to remit money by notes, but the practice appears to have fallen off lately, and I am of opinion that hoondees are preferred.

No. 14.—No answer required.

No. 15.—No.

No. 16.—No answer required.

No. 17.—Not known here.

No. 18.—Rs. 10.

No. 19.—There are none.

No. 20.—A greater value in Presidency towns.

No. 21.—On account of the demand being greater and the coin more circulated

No. 22.—Tolerably.

No. 23.—The greater portion of the Native community would prefer a Gold Currency; the plan would be well received.

No. 24.—Yes, most decidedly.

No. 25.—No, the currency notes would not be much sought for by Natives, all their transactions would be with gold. The introduction of a gold coinage would help the establishment of a Paper Currency, in so much that it would assist outlying treasuries in ensuring the convertibility of the note.

No. 26.—No answer required.

No. 27.—Silver, gold, and paper.

No. 28.—No, if at all, to a very small extent.

No. 29.—Very little.

No. 30.—Muksooddee Baddee of Rs. 19, called in this part of the Punjab "Kuldar;" Jeypore; Boodkee (there are two kinds); Rai Sicca, called "Bettee Tillaé. The Tillaé is preferred.

No. 31.—No, there is a small discount.

No. 32.—It does not matter.

From the Deputy Collector of Kulladgee,—dated the 23rd March 1866.

In acknowledging the receipt of your Circular of the 16th ultimo, I have the honor to reply to the several queries therein put, in the order in which they are proposed, as follows.

No. 1.—Government currency notes are not readily received and paid away by the Native community in the Mofussil at their full value in private monetary transactions, because they are too ignorant and stupid to appreciate the advantage of a Paper Currency, or to place faith in such promises to pay. It is only an unusually intelligent person, or one who has had the advantage of intercourse or dealings with the merchants and sowcars of Bombay, and

who knows the ready convertibility of the notes, that buys such notes presented by strangers happening to possess them and needing cash in lieu thereof, at rates of discount ranging from a quarter of a rupee to three quarters of a rupee on a 10-rupee note.

No. 2.—For the reason above set forth, the notes are not known to be exchanged for silver, and *vice versâ*, in this part of the country. In the more enlightened towns in the immediate neighbourhood, or within easy access of Bombay, the notes are discounted by sowcars and others at the rates at which hoondees are discounted.

No. 3.—No facilities are afforded by officers in charge of Government treasuries for the exchange of currency notes for silver, and silver for notes, beyond that presented by there being such notes in the treasuries where they can be had to any amount asked for, but where, agreeably to the notification of the Government of India, No. 43 of 1862, dated 19th March 1862, no note exceeding the value of Rs. 50 is received from people tendering them for encashment, because of the express desire of Government restricting their encashment "to a limited extent, and for small sums, as an accommodation to private parties or "travellers," and not to the extent that "might interfere with the legitimate operation of private "enterprise."

No. 4.—Under these circumstances, it is all but impossible to give increased facilities for such an exchange, since there can be no demand in the Mofussil for such notes, while, on the contrary, there would be an enormous demand for silver in exchange for such notes, were the restriction above referred to removed, and merchants and sowcars allowed to present the notes at the treasuries to be cashed. Note circulation is determined by the amount of trade going on and the quantity of payments that are being made. If, therefore, an artificial restriction were put on that circulation, it would cause an increased circulation of some substituted kind of promise to pay, and, conversely, an artificial stimulus will cause a diminished circulation of other forms of promise to pay, such as bills of exchange or hoondees, cheques, book credits, &c. If it is the object of Government, then, to afford the greatest possible facilities for the circulation of currency notes, and so teach the people to appreciate this mode of economising their capital and increasing their wealth and prosperity, this restriction should be removed; and the officers in charge of treasuries in the mofussil, where Bombay merchants compete with the Mofussil ones in the purchase of staple articles for export, be allowed to use their discretion in receiving such notes in exchange for cash to whatever extent they deem compatible with the limits imposed by the requirements and exigencies of the public service, that may be tendered by these traders as well as by private parties. It may be alleged that this arrangement is calculated prejudicially to affect the interests of the Native bankers or sowcars and of the joint stock corporations for banking purposes, which have their branches in the Mofussil. This tendency I own it has, but then it has the countervailing advantage of affording facilities to trade and commerce. Should it further be objected that it would be transcending the legitimate function of Government by legislative interference to disturb the natural course of business, and to impart an adventitious stimulus to one kind of enterprise at the expense of another, the reply is that to establish a State Paper Currency *is* to exceed the proper sphere and duties of Government, which consists simply in the proper administration of justice, and involves as its corrollary the maintenance of the rights of citizens and the enforcement of contracts expressed on credit documents of all sorts, hoondees, cheques, bank notes, &c. But the carrying out of the free trade principle to all its consequences, involving, as it must, the abolition of all State agencies and institutions for affording facilities of manners of communication and intercourse, for the education and enlightenment of the masses, for the amelioration of their condition, and for the thousand and one modes of effecting India's regeneration which could not be accomplished if she were left to her own unaided exertions; the carrying out of this principle is, I repeat, happily and wisely foregone by the British Government in India under the full conviction that its introduction would be too premature, though the principle itself is recognised as sound in England and America. Being child-like in intellect, and accustomed to rely on a truly paternal government for the provision of the means of their physical, moral, and intellectual development,

the mass of the Natives require to have everything done for them. To enable them to see the immense advantage which a Paper Currency possesses over a metallic one, such unusual facilities ought, therefore, to be afforded to the merchants of the Presidency and other chief towns, who alone are alive to such advantages, and whose example the rest of the community are likely to follow, when they actually witness the pecuniary benefit accruing from the saving effected in the cost of carriage of silver and gold from the Presidency town to the interior, or in the discounting of hoondees, to those who receive metallic money in exchange for paper money from the Mofussil treasuries. Bye-and-bye, when the people get thoroughly indoctrinated with free trade principles, they will outgrow the need of such an artificial stimulus which might then be withdrawn with advantage to all parties. But unless Government take the steps above indicated, they will, in spite of reason, economy, and convenience, place no faith in the superior efficacy of Paper Currency, and no confidence in any such promises to pay, though never so sincerely offered.* Government might not only leave it optional with the ryots to pay their dues in the currency or metallic notes indiscriminately, but give preference to this mode of receiving the payments. In like manner, its servants' pay might be disbursed partly in the one and partly in the other denomination of money.

Nos. 5, 6, and 7.—Considerations of convenience, economy, and reason alike dictate that there should be but one universal note for all India, to be convertible not only at the Presidency towns and at certain specified treasuries, but at all the Mofussil sudder station treasuries throughout India, just as there should be but one metallic coin, one weight, one measure, &c. A separate note for each circle is inconvertible within another circle, and so far detracts from its utility, inasmuch as it causes inconvenience to parties travelling from one circle to the other, just as English or Australian sovereigns are useless to travellers in India. For the same reason, the multiplication of circles cannot add to the facilities for the conversion of these circles' notes, but would rather hamper it, inasmuch as it would circumscribe the area within which they can admit of being converted; whereas one universal note for all India can be taken or forwarded whenever the traveller or merchant chooses to do so, in full confidence of its being exchanged for silver or gold (whichever be the legal tender), and so must facilitate commercial transactions and promote private convenience.

No. 8.—Should the Government contemplate paying the army, police, and other poorly remunerated servants partly in metallic and partly in paper money, as suggested in paragraph 4, then a note of the value of Rs. 5 would be preferable to that of Rs. 10 in value, and that measure will be the means of immensely facilitating the circulation of Paper Currency; inasmuch as these servants, springing, as they do, from the mass of the people, and having their feelings, thoughts, prejudices, likes and dislikes in common, when impressed with the conviction that the one kind of money is as easily convertible into the other kind without undergoing any deterioration, will easily succeed in impregnating the multitudes with the same conviction. That the former are susceptible of being so convinced can admit of very little, if any, doubt. Otherwise, a 10-rupee note is, to my mind, quite as serviceable to all intents and purposes as a 5-rupee note, for, if the latter conduces more to convenience than the former, it stands to reason that a 10-rupee note should be more useful than a 5-rupee note.

No. 9.—Only under the circumstances above indicated would the 5-rupee note have an appreciably larger circulation than notes of a greater value.

No. 10.—The notes are seldom, if ever, used by the shroffs and Natives for purposes of remittance, both because of their being unacquainted with their superior utility, and because

* A collateral advantage attending the increased facilities afforded to merchants, &c., will be the saving effected to Government in the way of cost of conveyance of treasure from the Mofussil treasuries to the Presidency towns, and the military stations where their surplus is required to meet the enormous expenditure involved in the payment of troops, &c. Instead of this treasure, currency notes thus received from the traders might be forwarded to such station, and the payment made in that shape to the army, the police, &c., as well as in metallic currency.

of the risk incident to their transmission, with which those are impressed who know their value. At all events, in this part of the country, I have not known them availing themselves of the advantages which the notes possess.

No 11.—As no shroff or banker would receive the notes here, it follows that they would not cash them even at a discount. But the shroffs of other larger towns in immediate communication with Bombay do exact discount in cashing notes.

No. 12.—The same remarks apply to this as to question No. 11.

No. 13.—The shroffs and Native bankers do not prefer notes to hoondees for purpose of remittance, for the reason set forth in answer to question 10.

No. 14.—From the observations made in answers to questions 3 and 4, it will have been perceived that our silver reserve cannot run low at all, by reason of there being no currency notes presented for cash, when it is known that no silver would be exchanged for them at our treasuries.

Nos. 15 and 16.—For the same reason, no occasion has arisen for our treasury to be unable to meet the public demand and our indents to be uncomplied with. Nor has there ever been any occasion for reasons being assigned for the refusal to comply with our indents. Should the plan proposed by me be adopted, we should have to make regular indents for their supply, as we periodically do for the supply of all varieties of stamp papers, and such occasions would be likely to arise, in which case we should have to apply (in the event of there being but one circle and one universal note for all India) to the nearest treasury first, and failing that to the presidency town.

Nos. 17 18 and 19.—No gold mohurs are ever known to be brought for sale in the bazar in our neighbourhood. If, on rare occasions, they are imported, they are at a trifle over their intrinsic value, say from half an anna to 2½ annas.

No. 20.—If ever offered for sale and voluntarily purchased, I should think they would bear a lower value rather than a higher one in our bazars than in the Presidency towns.

No. 21.—Because of their being comparatively unknown to the ignorant people of the Mofussil, though the shroffs here allege that they do some times realize a profit from 1 anna to 4 annas.

No. 22.—The people are fond of hoarding gold, but not for the purpose of circulating it.

No. 23.—There is no reason why the Natives should not like a Gold Currency, especially as they used before to have something like it under their own Rajahs; and it would bear inscriptions, shape and form similar, though not the same, to the silver coin in daily use.

No. 24.—For the same reason, I think gold coins are likely to find more favor in their eyes than notes of like value.

No. 25.—I think a Gold Currency would help the establishment of a Paper Currency for the reasons mentioned in the circular under reply.

No. 26.—It would, I should, think.

No. 27.—They prefer silver and gold, but not Paper Currency. The reason alleged for the non-preference of Paper Currency is that it has a tendency to destroy other credit transactions, and especially hoondees, by which the bankers and shroffs profit largely in the cotton season. That dealers in other commodities should object to Paper Currency arises solely from their non-appreciation of its value, and from their being imposed upon by the plausible reasonings and fallacious arguments of the former interested parties.

No. 28.—Bar gold does circulate in our neighbourhood. As to how they ascertain and ensure its purity, the shroffs and dealers therein allege that generally they rely on its genuineness and purity, and very seldom, if ever, take the trouble of testing the same. But on rare occasions, they cut a slice off the bar, subject it to the heat of the furnace, or bore a hole through one side of it, and thus ascertain its purity or otherwise.

No. 29.—Native gold mohurs are not at all used now-a-days as a means of currency in our neighbourhood.

No. 30.—The names of the gold mohurs are as follows :—

Chowkonee	Mahomed Shaee,
Akburee.	Ram Sekee.
Punch Melee.	Kurkmuttee Hoan.
Soortee.	Gujputtee.
Navey Aukaree or Kristnaria Hoan.	Sooltanee.
Jooney Akaree.	Gooleewur Hoan.
Dharwadee Hoan.	

Nos. 31 and 32.—If brought for sale, they are purchased not for circulation, but for the purpose of making ornaments or for retention as curiosities, and then they pass for intrinsic value, and do not bear any artificial value according to their respective denominations or as proceeding from certain Native States. At least this is the answer which the sowcars and shroffs give. But I feel persuaded that those of Goozerat and the Deccan, if consulted, would give a different answer.

From the Collector of Kulladgee,—dated the 28th March 1866.

With reference to your Circular of 16th ultimo, I have the honor to forward the following replies to the questions therein asked.

No. 1.—Government currency notes are not readily received and paid away by the Native community at their full value in private monetary transactions ; in fact, notes are, to the best of my knowledge, very little sed among them.

No. 2.—Notes are so very little used that I am not able to give the average rate at which they are discounted, nor do I believe that they are ever discounted in the bazars in this district.

No. 3.—At the treasury, silver is given for notes, and notes for silver, to persons on account of their own private affairs and for small sums only, and not for the accommodation of merchants or traders in their commercial transactions.

No. 4.—The restriction at present should be removed, and notes of any amount allowed to be cashed.

Nos. 5, 6 and 7.—I regret that, being unacquainted with the currency question, I am unable to answer these questions.

No. 8.—The traders whom I have consulted are opposed to a 5-rupee note.

No. 9.—I do not think that a 5-rupee note would have a greater currency than one of a higher value.

No. 10.—Notes do not appear to be used by shroffs and Native bankers for purposes of remittances. In fact, they seem to know little or nothing about notes.

No. 11.—Notes do not appear to be ever offered for encashment, but I imagine that, if they did cash the notes, they would exact a discount.

No. 12.—No.

No. 13.—No.

No. 14.—There is not much chance of our silver reserve running very low, as we cash very few notes indeed, and only those of small amount. Were the reserve to run very low, I should apply for assistance to the nearest collectorate, whose sudder station is about 70 miles from this by road, and to which there is no telegraph.

No. 15.—No.

No. 16.—No.

No. 17.—The Government gold mohur does not appear to be known in the bazar.

No. 18.—Not much known; when sold, it appears to be for making into ornaments It is sold a little over the intrinsic value, up to 4 annas premium.

No. 19.—The Australian sovereign is not known here.

Nos. 20 and 21.—As these gold coins are not used for trade but for ornaments, I am not able to state whether they bear a higher value in the Mofussil than in the Presidency towns, but some of the shroffs say that they do make a profit by their sale.

N. 22.—The people are fond of gold for hoarding, but not for circulation.

No. 23.—The Natives would like a Gold Currency.

No. 24.—They would prefer gold coins of Rs. 15, 10, and 5 to notes of like value.

Nos. 25 and 26.—I regret I cannot answer these two questions.

No. 27.—They prefer a Gold and Silver Currency, but object to Paper, as the last-named would injure their trade in hoondees.

No. 28.—Bar gold does circulate in this neighbourhood. The dealers rely on its purity, and very seldom test its genuineness; when they test its purity, they cut a slice off the bar, or bore a hole on one side of it, and put it into the fire.

No. 29.—No, not at all.

No. 30.—There are five sorts, *viz.*, Chowkonee, Akbaree, Punchmellee, Soortee, and Ramatunkee.

No. 31.—They are purchased for ornaments and are not used in trade. They are sold according to the value of the gold at the market rate.

No. 32.—They do not bear any artificial value according to their respective denominations, or as proceeding from certain Native States.

From the Officiating Deputy Collector in charge of the Treasury, Kumaon,—dated the 7th March 1866.

With reference to your Circular, dated 16th February 1866, I have the honor to reply as follows.

No. 1.—No.

No. 2.—The reason of depreciation is, that cash is not given at Government treasuries for notes to any but travellers. As a rule, the rate of discount varies from one to two per cent.

No. 3.—None whatever; only travellers get cash in conformity with the order of the Accountant General, North-Western Provinces.

No. 4.—I consider insufficient. I would suggest that notes be exchanged at treasuries, as far as the state thereof will allow.

No. 5.—I do not consider the arrangement of circles good, and, I imagine, were it done away with, and one issue of notes for the whole country adopted, it would answer far better.

No. 6.—I can see no advantage as likely to occur from the establishment of offices of sub-issue.

No. 7.—One universal note is far preferable, but should be available every where.

No. 8.—A note of 5 rupees would be advantageous for the reason that small amounts could be far more easily despatched than at present.

No. 9.—Probably it would.

No. 10.—Very little, because there is always difficulty in getting the value of lost notes.

No. 11.—Invariably.

No. 12.—Yes, some do, especially those who have agents at Calcutta and at other places of issue.

No. 13.—No.

No. 14.—No facilities whatever; nearest railway, Allygurh, and by road from Bareilly or Moradabad.

No. 15.—No.

No. 17.—Rs. 15 to Rs. 15-8.

No. 18.—Not in circulation here to any extent, but the treasury can cash them at 10 rupees. The bazar value is from Rs. 9-8 to Rs. 9-12.

No. 19.—Not in circulation here.

No. 20.—No.

No. 22.—For hoarding, very much; for circulation, not.

No. 23.—No.

No. 24.—I think they would.

No. 25.—I see no reason why a Gold Currency should in any way affect Paper Currency.

No. 26.—Probably (to a certain extent).

No. 27.—I believe the Natives prefer the Company's rupee to any other currency.

No. 28.—No.

No. 29.—Very little.

No. 30.—Mahomed Shahee, Jeyporee, Nanuk Shahee, &c.

No. 31.—No.

No. 32.—According to the purity and weight of gold.

From the Officiating Deputy Commissioner of Kurnaul,—dated the 3rd April 1866.

I have the honor to forward herewith answers to the questions received with your Circular, dated 16th February 1866.

No. 1.—No.

No. 2.—They are depreciated on account of their being legal tender only within the circle of issue, and as they can only be cashed under certain restrictions in the district treasuries. The average rate at which they are discounted is 2 per cent.

No. 3.—In accordance with the Accountant General's instructions, notes are issued in exchange for silver to all applicants, and notes are cashed for the convenience of *bonâ fide* travellers, but under no other circumstances.

No. 4.—There is not sufficient facility for cashing notes. An arrangement that would admit of currency notes being cashed for the convenience of the public in general would be the most beneficial.

No. 5.—No. The present arrangement of circles causes inconvenience to the public, and causes the above depreciation in the value of the notes.

No. 6.—Of the proposals, the 2nd is preferable, and more calculated to gain the confidence of the people, as notes of any circle would be more generally cashed.

No. 7.—An universal note for all India, to be convertible on demand at the Presidency towns and at all Mofussil treasuries (in the latter as far as circumstances would admit of)

would meet with the confidence of the entire community, for the notes would then be identical in value with what they profess to represent; any measures short of an approach to the above will probably fail in this essential particular.

No. 8.—I would propose a note of 5 rupees' value. It is not asked for by the trading community at present, as they charge very high discount on hoondees of low value which would be supplanted by the notes; these notes, however, would be of great benefit and convenience to the poorer classes.

No. 9.—I am of opinion that a 5-rupee note would have greater circulation than notes of higher value, as it would come into circulation among the mass of the people.

No. 10.—The Native bankers here state that they do not use the notes much for purposes of remittance; but considering the demand which exists for notes of high value, I do not implicitly rely on their statement, but believe that notes are frequently used for remittances.

No. 11.—Invariably.

No. 12.—They do, when the rates of discount rise sufficiently high to induce them to do so; in fact, at all times it is believed that this practice more or less exists.

No. 13.—The preference is given with reference to the rate of discount: when the rates of discount on hoondees are low, they are preferred to notes, as there is risk in the transmission of the latter.

No. 14.—This treasury is never short of funds for cashing notes under the present restrictions. The Delhi Treasury, to which there is communication by the grand trunk road, is the treasury on which we are directed to draw, should this treasury require a supply of cash.

No. 15.—Such was the case in the first instance, and at present the demand for notes at the treasury has exceeded the supply received on indent.

No. 16.—On the occasion of our receiving a supply short of indent, I was informed that there was a limited number of notes only received at Lahore for distribution to the treasuries of the Punjab.

No. 17.—Rs. 14-14.

No. 18.—Rs. 10-2.

No. 19.—Rs. 10-2.

No. 20.—I believe they do.

No. 21.—They are not generally current, and allowance is made for carriage and risk between Calcutta and the Mofussil.

No. 22.—The people are fond of hoarding gold; but it is not much circulated at present.

No. 23.—Undoubtedly.

No. 24.—The gold coins are likely to be preferred to notes; very greatly so while the system of currency circles exists.

No. 25.—It is believed that gold would aid the Paper Currency in the manner stated.

No. 26.—To some extent, it is believed, this would be the case.

No. 27.—In the present form of its administration, the dealers do not like the Paper Currency; they would like the addition of a Gold to the Silver Currency.

No. 28.—Bar gold is not circulated in this district.

No. 29.—To a very limited extent.

No. 30.—Jeypore, Mahomed Shahee, Kuldars, straight and oblique milled.

No. 31.—They are not usually sold according to their intrinsic value, but at the market current rate.

No. 32.—They bear an artificial value according to the respective denominations of the coins.

From the Deputy Collector in charge of the Treasury, Kurnool,—dated 7th April 1866.

As requested in your Circular of the 16th of February, I have the honor to forward my replies to the queries therein contained.

No. 1.—The notes are generally received and paid away readily, and on particular occasions at discount or premium with reference to the exigencies of the transaction.

No. 2.—The discount or premium varies from 2 annas to Rs. 2 per cent. with reference to the peculiar nature of the transaction of each individual.

No. 3.—Arrangements have already been made for enabling travellers and others engaged in trade to obtain readily notes for silver, or silver for notes, both from the huzur and talook treasuries through the several officers in charge thereof.

No. 4.—The arrangements made, as shown in the preceding paragraph, are sufficient, but to increase the exchange of currency notes, the thing required is to allow merchants to obtain them readily.

No. 5.—The present arrangement does not seem to require any modification, as it is well adapted for increasing the issue of notes to Natives.

No. 6.—No further arrangement is necessary than what has been stated in the preceding reply.

No. 7.—The issue of an universal note in the Presidency towns and also in some other towns would be well adapted to prevent frauds.

No. 8.—This is necessarily required to enable the individuals to make smaller remittances and to exchange for cash when required.

No. 9.—Yes.

No. 10.—Shroffs and merchants are habitually making remittances by notes.

No. 11.—Discount is exacted according to the nature of the transaction.

No. 12.—*Vide* the above reply.

No. 13.—Notes are preferred to hoondees.

No. 14.—No aid from other treasuries is required, as payments for notes are made after a sufficient fund is reserved to meet the local expenditure for the district.

No. 15.—Indents for notes were always complied with, and notes issued immediately to the people.

No. 16.—*Vide* the preceding reply.

No. 17.—Government gold mohurs are not in use in this district.

No. 18.—The value of an English sovereign is Rs. 10-6

No. 19.—The value of an Australian sovereign is Rs. 10-4.

Nos. 20 and 21.—These coins are seldom in use in this district.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Gold coins and notes of the description alluded to are equally held in estimation.

No. 25.—Gold Currency will enable traders and others to carry on easily their mercantile dealings, as is the case with the Paper Currency.

No. 26.—Gold Currency will assist the treasuries in exchanging the notes and also for its security.

No. 27.—People are fond of having in use these three kinds of currency.

No. 28.—Bar gold is very much circulated, its purity is ascertained by testing its fineness.

No. 29.—Yes, but the circulation is not great.

No. 30.—Gold mohurs are as follows:—

					Rs.	A.	
Mitta Pagodas valued at	...	...	...	...	4	4	each.
Sovereigns	,,	...	...	...	10	4	,,
Half do.	,,	...	...	...	5	2	,,
Dollars	,,	...	...	...	15	0	,,

No. 31.—They are purchased as occasion requires.

No. 32.—Gold coins are not generally purchased according to their intrinsic value, but on emergent occasions are exchanged at discount or premium.

From the Deputy Collector, Kurrachee,—dated the 12th March 1866.

I have the honor to acknowledge the receipt of your Circular dated 16th ultimo, and to furnish the following replies to the questions therein contained.

Nos. 1 and 2.—Government currency notes are, it is believed, readily received and paid away by the Native community at their full value in private monetary transactions.

No. 3.—At Kurrachee, there being an office of issue (Sind having a circle of its own), the exchange of currency notes for silver, and silver for notes, takes place in the office of Issue. At the treasury, currency notes are, of course, received in payment of demands, and issued according to the requirements of persons having demands on the treasury. The present facilities I consider sufficient.

No. 5.—I consider the present arrangement of circles, with a separate note for each circle, sufficient to promote the reception of a Paper Currency by the Native population, and would retain it.

No. 6.—In Sind there are three chief treasuries, including Kurrachee, where, as above stated, there is an office of issue; but I would establish offices of sub-issue at Hyderabad and Shikarpore, where notes should be convertible on demand as at the office of issue at Kurrachee.

No. 7.—One universal note for all India may be preferable, but not unless it be convertible at any treasury. Such a plan would facilitate the trade of many districts in India, where no banking facilities exist; but I am of opinion that, if we had one universal note convertible at any treasury, the financial arrangements of Government would be disturbed.

No. 8.—I would not propose a note of less value than 10 rupees.

No. 9.—I am of opinion that 5-rupee notes would not have a larger currency than notes of a greater value.

No. 10.—Notes are, it is believed, used by shroffs and Native bankers for purpose of remittance; a great drawback, however, being risk of loss in transit.

No. 11.—It is not the practice of shroffs and Native bankers to exact discount in all cases of cashing notes, except the money market be tight, when as much as one per cent. is charged.

No. 12.—The practice referred to does not, I am informed, prevail at Kurrachee.

No. 13.—Shroffs and Native bankers, in transactions with Bombay, prefer notes to hoondees for purpose of remittance when hoondees are at a premium. A drawback here also occurs in the risk attending loss by accident or theft, when the notes would be entirely lost to the remitter.

No. 14.—There being a special office of issue at Kurrachee, the contingency referred to would not occur.

Nos. 15 and 16.—The difficulty referred to has not occurred here.

No. 17.—The average value of the Government gold mohur is Rs. 15.

No. 18.—The average value of the English sovereign at Kurrachee is from Rs. 10 to Rs. 10-1.

No. 19.—The average value of the Australian sovereign is the same.

Nos. 20 and 21.—These coins generally bear a higher value in Mofussil bazars than in the Presidency towns, because they generally have to be imported from the Presidency towns, and the cost of import necessitates a premium of four to six annas each.

No. 22.—The people are fond of gold for purposes of hoarding and circulation.

No. 23.—A Gold Currency would, I am informed, be liked by the Natives.

No. 24.—Gold coins of 15 and 10 rupees would find more favor with the Natives than notes of like value. A 5-rupee gold coin would, I am sure, not be considered a convenience.

No. 25.—A Gold Currency would help the establishment of Paper Currency, were gold made a legal tender in exchange for notes of above a certain value.

No. 26.—I have reason to believe that a Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note.

No. 27.—With large shroffs and dealers, the Paper Currency is popular, and from enquiries made, I learn that they would prefer silver, gold and paper.

No. 28.—Bar gold circulates occasionally at Kurrachee, and its purity, I understand, is tested by goldsmiths.

No. 29.—Native gold mohurs are seldom used by Natives of this neighbourhood as means of currency.

No. 30.—The names of the gold mohurs are,—Seetaramull, value Rs. 18; Akbur-shah Noor, Rs. 18; Mahomed Shahi, Rs. 16; Usruffee, Rs. 21; Tilla Bhokharee, Rs. 16.

Nos. 31 and 32.—These coins bear an artificial value, which rises or falls according to demand.

From the Deputy Commissioner, Paper Currency, Lahore,—dated the 19th March 1866.

In the three outlying pergunnahs of the Lahore district, only *one* note has been paid in for revenue due. Few of the agricultural and rural population has ever seen a note.

From the Assistant Commissioner, Lahore,—dated the 12th March 1866.

No. 1.—The currency notes are readily received and paid away by the Native mahajuns, in their private transactions, in large towns and cities; but they are not known amongst the rural population.* The rate at which they are discounted depends entirely on the money market, and the difficulty experienced in cashing them at a distance from the head office.

No. 2.—I consider the chief reason of their depreciation in value is owing to their not being received and cashed at the district treasuries, except to a limited extent for travellers only. They are generally discounted at one* per cent. I have been informed that, at isolated stations,† the Natives reluctantly receive them unless at a higher discount.

* But this depends a good deal on the state of the money market.

† And in small towns where there is only one shroff.

* This was ascertained by the Deputy Commissioner of Lahore, the Settlement Officer, and also by myself, on visiting the principal villages in the district.

No. 3.—Notes are readily given out at treasuries for silver; but notes are received in the treasuries only in payment of Government demands and from *bonâ fide* travellers in exchange for silver.

No. 3.—No facilities are offered. They are not received and cashed at the treasuries except for travellers.

No. 4.—It should be left discretional with treasury officers to cash notes or not according to the amount of silver in the treasury. The rule ought not to be prohibitory as at present.

No. 4.—I would empower officers in charge of treasuries to cash notes to the extent of their ability, and this would meet the requirements of the people for all ordinary transactions.

Nos. 5, 6, and 7.—I prefer the system of having one note for the whole of the Bengal Presidency, convertible at Calcutta and certain specified treasuries absolutely, and convertible elsewhere at the discretion of treasury officers. Except mahajuns, no other classes of Natives understand the system of circles, or why notes once issued should not be current just like rupees. Only yesterday I was asked by a very intelligent and well educated Rajah to explain why notes of the Allahabad circle, which he had in his possession, could not be cashed here. He could not be brought to see the justice of the system. So long as notes of Mofussil circles are convertible in Calcutta, the notes will be largely used by mahajuns. Whether there be one circle or several circles of which the notes shall be convertible in Calcutta, the mahajuns will use them largely for remittance. But with one note for the Presidency, the Paper Currency will be more readily accepted by the general population than if there be several circles. To make the circulation real under a system of having several circles, the notes of Mofussil circles should not be convertible in Calcutta.

No. 5.—I hardly think we can improve on the present system of circles, with a separate note for each circle. I would, therefore, retain it.

No. 6.—I would not increase the number of circles (still retaining a separate note for each circle). I would establish offices of sub-issue at the chief local treasuries within each circle, where the notes should be cashed on demand.

No. 7.—I would not have one universal note for all India, and would discontinue the payment of notes of other circles at the head office at Calcutta. The reason for my giving preference to the present arrangement of circles, and the circulation of notes restricted to those circles, is, because the circulation would become more real, and meet the requirements of the people for all ordinary transactions, and would not be used as at present for large remittances by mahajuns. To make the currency popular and beneficial to the people, the notes should be readily convertible into coin, which they are not at present. If one universal note were introduced for all India and made payable on demand at certain circles, the currency would be used chiefly by large banking firms for purpose of remittances, and would not meet the requirements of the bulk of the people, and at any time might embarrass the Government by large demands for coin when they are least prepared to meet it.

No. 8.—Certainly. Few of the ordinary village transactions, at least in this part of the country, ever amount to Rs. 10. The statistics of litigation here show that the majority of money transactions here are for very small sums.

No. 8.—I would certainly introduce a note of 5 rupees, as it would circulate far better amongst the poor classes and rural population, whose transactions are generally for small sums.

No. 9.—Yes.

No. 9.—I think it would have a large circulation, for reasons above stated, among the village community.

No. 10.—Very largely.

No. 10.—They are largely used for remittances by shroffs and bankers.

No. 11.—Yes.

No. 11 —They generally do exact a discount from strangers and their debtors, but not with transactions among those with whom they have dealings on an equality.

No. 12 —Yes.

No. 12.—Yes; certainly they do.

No. 13.—It depends on the state of the money market. Other things being equal, notes are preferred.

No. 13.—They generally prefer them to hoondees, when hoondees are at a premium.

No. 14.—No necessity for application to any other department or treasury is likely to arise, as only seven lakhs of the silver received in exchange for notes have been invested; the balance is all in the currency office treasury in hard cash. But if the reserve were to run low, the Lahore, Umritsur, Montgomery, and Mooltan treasuries would be applied to.

No. 14.—The facilities offered are for obtaining coin, first from the Lahore treasury, and afterwards from Umritsur and Mooltan, to which places there is communication by rail.

Nos. 15 and 16.—A reply to these questions would come best from treasury officers.

No. 17.—Rs. 15.

No. 18.—Rs. 10-3.

No. 19.—Rs. 10-3-6.

No. 20.—I am not prepared to say.

No. 20.—Certainly, a higher value is placed on them in the Mofussil bazars.

No. 21.—Because there is a greater abundance in the Presidency towns, and a scarcity in the Mofussil bazars.

No. 22.—Very much so.

No. 22.—They are very fond of gold, both for hoarding and circulating.

No. 23.—They would prefer a Gold to a Paper Currency, *i. e.*, the population generally would; the mahajuns would prefer Paper Currency, if they have to choose between paper and gold.

No. 23.—They are very partial to a Gold Currency. I am sure the Paper Currency would become more popular, if gold becomes a legal tender, as they cannot understand why the State prefers paper to the precious metal.

Nos. 24 to 32.—I concur in all these answers.

No. 24.—They are certainly.

No. 25.—It would, no doubt, help the Paper Currency and make it liked, when Natives find that paper as well as gold has one uniform value and easily exchanged.

No. 26.—I am sure it would.

No. 27.—The opinion of large shroffs and mahajuns is certainly in favor of gold, silver and paper.

No. 28.—Both bar and sheet gold is procurable in large quantities in this neighbourhood. Its purity is ascertained by rubbing it on a stone called *kussowtee*.

No. 29.—They are largely and commonly used.

No. 30.—The following are generally in circulation:—

	Rs.	A.	Rs.	A.	Rs.	A.
Jeypore, old and new,	14	8	15	6	15	10
Furruckabad ...	19	10				
Shah Allum ...	18	0 to	20	0		
Mohomed Shah ...	15	8				
Boodkee... ...	4	13 to	5	0		

It is impossible to enumerate all those which are procurable. Some of the rare ones I obtained, were the following:—Tooqlack, Shah Jehan Ghazee, Akbar, Allumgheer, Timour Shah, Sooltan Mahomed, Moolraj and Seikh coins.

No. 31.—They pass for more than their intrinsic value.

No. 32.—The old and new ones have an artificial value.

From the Extra Assistant Commissioner in charge of the Treasury, Lahore,—dated the 20th March 1866.

I have the honor to forward the following replies to the several queries in your Circular regarding Paper and Gold Currencies.

No. 1.—As a rule, currency notes are received and paid away by the Native community at their full value in private monetary transactions.

No. 3.—In all the treasuries in the Punjab, currency notes are received in payment of Government demand. Silver is not paid out to parties in exchange of notes, excepting to *bonâ fide* travellers. Parties requiring notes in exchange of silver paid in are immediately accommodated.

No. 4.—No; I would suggest the establishing of several offices of sub-issue at principal stations on the great line of communication.

Nos. 5, 6, and 7.—I consider the present arrangement of circles, with a separate note for each circle, and the opening out of more offices of sub-issue at the principal stations in each province, would promote the reception by the Native community of a Paper Currency. Paper Currency being quite foreign to Native ideas, the Natives would have more assurance in the convertibility of the paper, when aware that a number of offices or treasuries would cash notes on demand. The Native shroffs and large dealers are justified, I think, in discounting notes of the different circles at a rate fixed according to the state of the money market, at places where the notes are not convertible on demand at the Government treasuries. In the Punjab, I would suggest the following treasuries be allowed to cash currency notes of the Lahore circle on demand—*1st*, Peshawur; *2nd*, Rawul Pindee; *3rd*, Jullundur; *4th*, Mooltan; *5th*, Hooshyarpore; *6th*, Loodhiana; *7th*, Umballah; and *8th*, Delhi. This, no doubt, would be unpopular with a section of the Native community, *viz.*, the shroffs, who profit by the very limited number of places where notes are made payable on demand.

No. 8.—Yes; this would be of great convenience to the mass of the Native population.

No. 9.—Not, if a gold coin of the same value is introduced. The 5-rupee note would then only be of use for small remittances, as postage stamps are now.

No. 10.—Yes.

No. 11.—Quite the practice.

No. 12.—They take every opportunity to do so. At Lahore, the notes of the Lahore circle are payable at the office of issue, and if owing to a holiday, the holder of a note cannot obtain silver in exchange, the Native shroffs cash it at a discount: the rate being small, not more than 2 annas per cent. If the notes, however, belong to other circles, a higher rate of discount is charged.

No. 13.—This quite depends on the state of the money market.

No. 14.—The reply to this should properly come from the currency office.

No. 15.—No difficulty has as yet been experienced: the head office of issue being next door to the treasury

No. 17.—Rs. 15.

No. 18.—Rs. 10-2.

No. 19.—Rs. 10-4.

No. 20.—Yes.

No. 21.—The quantity of gold being greater in the Presidency town than in the Mofussil towns, gold coins are at present at a premium, and any quantity could be absorbed in the Punjab.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—Yes.

No. 26.—Certainly.

No. 27.—The shroffs would certainly prefer all three,—gold, silver, and paper.

No. 28.—It does to a certain extent. The shroffs have means of testing the quality of gold. The common way is by rubbing the gold on a polished piece of black stone obtainable in the salt range: this is rubbed with a hand nail previously. The process shows the quality as judged by the hue of the metal.

No. 29.—Yes.

No. 30.—The following are gold mohurs chiefly used as currency :—

	Rs.	A.
Furruckabadee, valued at	19	10
Jeypore, new	15	6
Ditto, old	15	10
Mahomed Shah, old	15	8
Ditto, new	15	4

Besides the above, the English and Australian sovereigns are much used when there has been a quantity received from Calcutta. Russian five-rouble pieces, valued at Rs. 8-7, and Bokharee coins, old and new, at the values of Rs. 6-4 and Rs. 6-5, are brought in largely by the Kafilas of Cabool merchants in the beginning of the winter. Belgian dollars find their way in quantities from Calcutta. These are chiefly used for ornaments or are melted down. There has been for several years a great demand for gold in the territories of the Maharajah of Cashmere, who, it is believed, buys up quantities periodically for purpose of hoarding.

No. 31.—Owing to the scarcity of gold, the coins do not pass for intrinsic value.

No. 32.—They bear an artificial value as proceeding from certain Native States. There are certain gold coins, such as the "Abkaree," highly prized owing to their age, and they are very scarce and are used chiefly for ornaments.

From the Deputy Commissioner, Lohardugga,—dated the 7th March 1866.

No. 1.—No.

No. 2.—The shroffs in the bazars charge discount both when cashing and receiving notes; but the rate varies according to the demand, from one to five per cent., and they are able to charge this, I suppose, owing to there being so very few notes in circulation.

No. 3.—Every facility is given, that is to say, currency notes are always changed when they are presented, or when required in exchange for silver they are given.

No. 4.—Quite sufficient, provided the treasury is kept supplied with a sufficient number of notes.

No. 5.—No.

Nos. 6 and 7.—It appears to me that one note for all India, convertible at all Government treasuries, would be the plan best calculated to secure the confidence and liking of the Natives; they do not understand the system of circles and having separate notes for different circles.

No. 8.—Yes, because it would afford great facilities in transmitting small sums, and the note would, I think, have a large currency.

No. 9.—Yes.

No. 10.—Not here, owing to there being no great trade.

No. 11.—Yes, as a rule.

No. 12.—No, not as far as I can ascertain.

No. 13.—They generally prefer the notes to Native hoondees, but I think they would use notes much more than they do, if the notes bore their numbers in the vernacular as well in English.

No. 14.—There are not a sufficient number of notes in circulation here to cause the silver reserve to run very low; but if it was ever to run very low, and the matter was very urgent, application for reinforcing it would be made to the Hazareebaugh or Maunbhoom Treasury—intimation being at the same time given to the Accountant General.

No. 15.—Yes.

No. 16.—The Collector of Beerbhoom was directed to supply me with notes, but he intimated that he was unable to do so; intimation was hereupon given of this to the Accountant General, but no supply was afforded.

No. 17.—There are no Government gold mohurs in the bazars in this neighbourhood.

No. 18.—There are none.

No. 19.—There are none.

No. 20.—I cannot say.

No. 22.—Not for circulation, and not particularly for hoarding, unless the gold is very good gold.

No. 23.—No, not here.

No. 24.—No, they would prefer notes, because they think that the gold coins would be made of the same gold as the English sovereign.

Nos. 25 and 26.—There never having been here hardly any Paper Currency, I am not in a position to afford any reliable information upon these questions.

No. 27.—Silver and paper as it is.

No. 28.—No.

No. 29.—Not much used, a very little.

No. 20.—Shah Alum Badshah, Akbur Shah.

No. 31.—No.

No. 32.—They bear an artificial value, the Shah Alum Badshah mohur being preferred.

From the Assistant Commissioner in charge of the Loodianah Treasury,—dated the 28th February 1866.

I have the honor to annex replies to questions contained in your Circular of 16th current, relative to the working of Act XIX of 1861.

No. 1.—Natives do not readily receive and pay away at their full value Government currency notes in private monetary transactions.

No. 2.—Government currency notes are not received by the lower and more ignorant classes, because they bear no intrinsic value; are very liable to loss and destruction; and, above all, are not easily convertible into cash, except at a discount. The latter reason for notes not being readily received and paid away also applies to the better classes of Natives. The average rate at which notes of other circles are discounted varies from half to five per cent. according to the value of the note; the lower the denomination of note, the higher the amount of discount.

No. 3.—Notes of this circle are always given in exchange for cash (see circular No. 2622, from Secretary to Government of India, Financial Department, dated 29th September 1865). Notes of this circle and other circles are only cashed, as laid down in circular No. 1565, &c.

No. 4.—Under the present system, yes.

No. 5.—No.

No. 6.—No.

No. 7.—In my opinion, the preferable plan is to have one universal note for all India convertible at the Presidency towns, and *at least* one treasury in each division. By this plan, all the advantages of the present system, and that referred to in question 6, would be ensured. The profits received by shroffs and others from cashing the notes of other circles, and even of this, would be reduced to something nominal. Further, I think, with a few restrictions on the converting of notes into cash (such as restricting cashing of notes above a certain amount, say Rs. 50, to a few of the first class treasuries), notes of small amount might be made convertible at every treasury. This would ensure notes being used entirely as a circulating medium. Of course such a plan would not find favor in the eyes of Native bankers and money changers.

No. 8.—No.

No. 9.—Five-rupee notes might have a more rapid circulation than notes of a greater value amongst Europeans, but not amongst Natives. They would only be used for paying small bills and for remittances under Rs. 10, but there are many arguments against their introduction.

No. 10.—Yes, to a great extent for the purposes of remittances to the head quarters of circles, otherwise not.

No. 11.—Yes, invariably.

No. 12.—Most certainly. Within the last twelve months, when remittances on Calcutta were required and supply bills were not issued from this office, notes were at a premium of half rupee per cent.

No. 13.—Yes, for the purpose of remittance to head quarters of circles only.

No. 14.—Our facilities by rail or road are sufficiently known. After sanction, our cash balance would probably be reinforced from the Delhi Treasury.

No. 15.—During 1865, this treasury was unable to meet the demand for notes of the higher denominations, *e. g.*, Rs. 500 and Rs. 1,000, on two several occasions.

No. 16.—No reason was assigned; but the non-compliance with the indent was, of course, for the same reason as that shown in circular No. 2622 above referred to.

No. 17.—Government gold mohur = Rs. 15.

No. 18.—Exchange value of the English sovereign is always above Rs. 10-1. At present it is about Rs. 10-4.

No. 19.—The Australian sovereign is three or four pies above the English sovereign in value.

Nos. 20 and 21.—Most certainly, the above-named coins have a higher value in Mofussil bazars than in the Presidency towns; the reason is simple: the influx of gold from China, &c., to Calcutta, &c., is very great; the up-country demand being also great, and the means of supply (except through Presidency towns) being *nil*. As there is no gold held in reserve in Mofussil treasuries, it follows that the further from the source of supply, the higher is the value of the coin.

No. 22.—People are fond of gold for the purposes of hoarding and circulation, because it contains great value in little bulk, &c.

No. 23.—Most decidedly.

No, 24.—Yes.

No. 25.—When people become accustomed to them, it certainly would.

No. 26.—Most certainly.

No. 27.—Silver, gold, and paper.

No. 28.—Bar gold is a marketable article, but does not circulate as money. Natives, of course, have tests for its purity as we have at home.

No. 29.—Native gold mohurs have a fair circulation, but not a large one. Natives, in general, would as readily receive a Native gold mohur, *e. g.*, a Jeypore one, as they would a Queen's coin.

No. 30.—Jepyore=16 rupees; Rajshahee=15 rupees; Kuldar=20 rupees, and others.

Nos. 31, and 32.—They pass only for their intrinsic value.

From the Extra Assistant Commissioner in charge of Treasury, Lucknow,—dated the 26th February 1866.

In submitting the accompanying replies to the questions appended to your Circular of 16th instant, regarding the Government currency notes, I beg to observe that, from the enquiries I have made, and from my own personal experience, I feel convinced that the Paper Currency will never be appreciated so long as the present restrictions, in the way of their conversion, continue to exist.

But a Gold Currency, with similar restrictions, would not even acquire the circulation obtained by the notes. The value of the coin would greatly fluctuate and never rise to par value in the market, unless the Government treasuries readily received it, not only in payment of the Government dues, but also on account of deposit, security, &c.

I am of opinion, judging from the character and habits of the Natives, the mode and nature of their transactions, and the state of commerce in the Mofussil, that the present is not the time for introducing a Gold Currency.

It would involve the State in a heavy expenditure without any proportionate advantages.

While the Paper Currency, though rather incomprehensible to the ignorant classes at present, would, as soon as the present restrictions are withdrawn, acquire considerable popularity.

I do not think we can better promote the circulation than by providing every treasury and tehsil with a stock of notes to meet the public requirements, and sufficient cash at the head quarters of every division to be able to exchange them on demand.

This arrangement would soon impart confidence to the Native mind, and raise the credit of the British Government, and the apprehension of a run on the treasuries, beyond their capabilities to resist, would hardly exist.

No. 1.—No.

No. 2.—Because they are not cashed at the Government treasuries. The notes of the Allahabad circle are negotiated in the market at a discount of 8 annas per cent., and those of Calcutta at 1 rupee 8 annas; but the rate of the latter is regulated by the current rate of exchange.

No. 3.—Notes are usually given to the public on application, provided they are not required to be used for remittances to Calcutta, and they are exchanged for travellers to a limited extent. They are also received in payment of the land revenue, or other Govenment demand.

No. 4.—They are not sufficient. I would restrict only in small districts the acceptance of the notes towards the payment of the land revenue, and their conversion for the convenience of travellers; but at large stations, I would suggest their being cashed for all parties and to any extent.

No. 5.—No, the arrangement of circles will not promote the circulation of notes. They ought to be a legal tender everywhere and readily convertible.

No. 6.—The plan of having notes for separate circles and convertible only at the main office is inconvenient, and they will never be popular while the present arrangement lasts.

No. 7.—Yes, I think one universal note for all India would be convenient and popular, provided the notes are readily convertible at certain specified treasuries. I would suggest that the head quarter station of every division be fixed for their conversion on demand. When it is known that cash can readily be obtained, the notes will acquire speedy and extensive popularity, and I do not at all apprehend any very great drain on the central treasuries, as confidence will certainly be established and the paper will obtain free circulation. By and by, when the railway extends, some of the central treasuries may be closed without impeding the circulation or damaging the popularity of the currency.

No. 8.—If the existing arrangement continues, there is not the slightest necessity for five-rupee notes, as the circulation will not thereby be promoted in the least. In case, however, the suggestions above made of conversion at the divisional stations be adopted, then five-rupee notes would be a great convenience to the public.

No. 9.—Yes, if they can be converted at head quarters of any division, not otherwise.

No. 10.—No, some times they are used for remittances to Allahabad or Calcutta, provided the exchange is favorable.

No. 11.—Yes.

No. 12.—This is not the practice (though it is occasionally done), as notes are not always procurable; but the bankers are willing to procure them at a discount in order to send them for encashment.

No. 13.—Yes, especially for remittance to the head quarters of circles, as they are gainers by using them.

No. 14.—Notes, as stated above, are cashed only to a limited extent for the convenience of travellers, and they are not extensively used by landholders and others paying the Government dues; hence the contingency noticed has never occurred in this district. In case such should occur, the Accountant General, North-Western Provinces, would be informed of it, and on him would devolve the duty of arranging for replenishing the treasury.

No. 15.—No.

No. 16.—Indents are promptly complied with by the Accountant General.

No. 17.—Rs. 15.

No. 18.—Rs. 10-2.

No. 19.—Rs. 10-1.

No. 20.—Yes, but very trifling—about one or half anna. Much depends upon the state of the money market.

No. 21.—Because they are not very plentiful in the Mofussil, and are procured for Calcutta.

No. 22.—No, but sovereigns and gold mohurs are used for remittances when the market is favorable.

No. 23.—Yes, if it is made a legal tender; but they would prefer the Paper Currency, provided it obtains free circulation and ready conversion.

No. 24.—No, because they have a chance of recovering their notes if lost, while the same chance does not exist in the case of coins.

No. 25.—No, neither a Paper nor Gold Currency would find favor in the eyes of the Natives, so long as there is any restriction put on them in their conversion at the Government treasuries.

No. 26.—No, a Gold Currency is not *essential* to the requirements of the country in addition to a Paper Currency.

No. 27.—They are of opinion it would be very convenient, and promote commercial pursuits if gold, silver, and paper were all introduced; but no advantage will accrue if any restrictions in their conversion are imposed.

No. 28.—It is not much used. Its purity is tested by means of a stone called *kussowtee*, which is rubbed against the bar, causing it to display its real color, which is the distinguishing mark.

No. 29.—No, but they are much used for personal ornaments.

		Average value.		
		Rs.	A.	P.
No. 30.—Muchee Shahee	... ...	15	1	6
Pootlee Shahee	... ...	15	1	0
Puree Shahee	... ...	15	1	0
Jeyporee, old	... ...	16	1	0
Sher Shahee	... ...	18	2	0
Shumshair Shahee	... ...	15	0	6
Moorshedabadee	... ...	19	5	0
Jeyporee, new	... ...	15	14	0

No. 31.—Yes, but they fluctuate according to the market value of gold (varying from 4 to 8 annas).

No. 32.—No.

From the Officer in charge of the Treasury, Lullutpore,—dated the 7th March 1866.

In reply to your Circular dated the 16th ultimo, forwarding a list of queries regarding the Paper Currency, I have the honor, after communication with the most respectable shroffs and bankers of this district, to reply as follows.

Nos. 1 and 2.—Government currency notes are taken readily enough by the Native community, but in their private transactions, they always charge a discount of 4 or 8 annas.

No. 10.—Not now, because notes are not freely issued. If issued, they will be so used.

No. 11.—No.

No. 12.—No.

No. 13.—Yes, decidedly, because payment is sure and is made on demand, and no stamp fee or discount as in hoondoes is incurred.

No. 14.—The district of Trichinopoly is about 85 miles with good road; we have rail from Trichinopoly to Tanjore, an adjoining important district.

Nos. 15 and 16.—The Accountant General's instructions referred to in answer No. 3 deterred the treasury officer from indenting for a large quantity of notes, though the demand for them by the merchants was great.

No. 17.—The Government gold mohurs are scarce in this district; their value chiefly depends upon the value of sovereigns. They may be said to fluctuate from Rs. 15¼ to 15¾.

No. 18.—The average value of the English sovereigns is Rs. 10¼, because the proportion of alloy in these is not so much as in Australian sovereigns.

No. 19.—Rs. 10⅛.

Nos. 20 and 21.—Some times so, since we do not get a large import of them as in Madras.

No. 22.—Yes.

No. 23.—Yes, if in addition to silver.

No. 24.—No, because they are not as convenient and safe as notes for remittances and for carrying.

No. 25.—Yes.

No. 26.—Probably it would.

No. 27.—They like silver, gold, and paper.

No. 28.—No.

Nos. 29, 30, 31, and 32.—No.

From the Officiating Deputy Commissioner, Maunbhoom,—dated the 28th February 1866.

With reference to your recent Circular, I have the honor to forward categorical replies to your questions. As I have only two or three days' experience of this district, I have occasionally, under two or three questions, made a note or two with reference to my recent one—Hazareebaugh—where I could not with reference to this one.

Nos. 1 and 2.—A discount of 8 annas or 10 per cent. is charged in the bazar upon notes. The reason of the depreciation is, that there is not such absolute faith placed in paper as in silver, and that some trouble must necessarily occur in the exchange.

No. 3.—I find that, in this treasury, the exchange is permitted upon application to the officer in charge; the full value is given in exchange.

No. 4.—These facilities are sufficient as far as they allow persons to get value for notes when they want; but as there cannot but be some trouble in effecting the exchange, and as it is not perfectly certain that the officer in charge will grant it (for the cash balance may be so small as to render it unadvisable), there cannot but be depreciation in the value. Personally, I do not approve of these applications, but think that while there is cash in hand, notes should be changed on presentation. But as this is not done in all treasuries, the consequence is that, where it is done, notes will flow thither and will be bought up for exchange, and then the treasury will be flooded with notes. Were there a rule compulsory upon all treasuries for payment at full value of silver for notes, there will be no such disturbance of equilibrium, and the certainty of getting an exchange value at any treasury would raise the price of notes

to something more like par; but little faith would be placed in a rule, which, like a treasury circular, may be reversed next day. The rule to produce the effect required must be of a more stable nature.

No. 5.—I offer no opinion.

No. 6.—I approve of the latter method, as shown above under 4.

No. 7.—Answered under No. 4. The question of separate notes or one universal note is not, in my opinion, an important one, provided the arrangement be that any sort of note be convertible at any place on demand, though it may be prohibited to issue it again.

Nos. 8, 9, and 10.—Most payments by Natives are very small, consequently even a 10-rupee note is too large for extensive circulation. The habit among Natives in the larger transactions in commercial circles is to keep accounts and not to be perpetually paying cash. These accounts are settled occasionally, so that one cash payment suffices for several items. Out of commercial circles a large number of payments are, like those of land revenue and rent, composed of a large number of small payments. Hence notes of large value do not attain any extensive circulation in the Mofussil, not being suited to the habits of Natives. They seem to be used principally for purposes of remittance. A small note, such as a 5-rupee or a 1-rupee, would not, I think, circulate, as it would cost as much trouble and be less trusted to than cash.

No. 11.—Yes; see 2.

No. 12.—I believe this occurs at my recent station, Hazareebaugh; but I cannot say positively with regard to Purulia.

No. 13.—They prefer notes for the simple reason, that a hoondee costs them one per cent., and the note costs them only about half per cent. At Hazareebaugh, where bills are given on Calcutta at par, they prefer them; but hoondees are too dear, and their additional cost is not compensated for by their additional security.

No. 14.—Here, at Purulia, I should apply to Calcutta, being only 40 or 50 miles from a railway station.

No. 15.—I cannot say for this treasury. I can say "yes" for the Hazareebaugh one.

No. 16.—Chiefly the advantage to the Money Order Office of driving people to pay a one per cent. premium to it.

Nos. 17, 18, 19, 20, and 21.—Not current.

No. 22.—Yes.

No. 23.—Gold would, I believe, in the first place, be hoarded, and if necessity drove any one to expend his gold coins, he would sell them as an article of property, and not exchange them at a fixed artificial value.

No. 24.—Yes, if they could be got to circulate.

No. 25.—I cannot express an opinion.

No. 26.—Yes, because gold can be remitted at a far smaller relative expense than silver. But the traders and dealers who would desire to convert notes are the very persons who would prefer receiving silver to receiving gold for them (so long at least as the Gold Currency had not entered into free circulation). The reserve of gold might, however, be felt as a security for convertibility.

No. 27.—There is no large shroff here.

Nos. 28 and 29.—No.

No. 30.—Moorshedabad and Government mohurs.

No. 31.—Yes.

From the Deputy Commissioner of the Martaban District,—dated the 16th March 1866.

I have the honor to reply to such of the queries contained in your Circular dated the 16th February 1866, as I am, from the circumstances of this country, able to give an opinion on. As we have no Gold nor Paper Currency here, I can only assist you with my impressions of what the result of the introduction of either would be.

With regard to queries Nos. 5, 6, and 7, it is difficult to give a decided opinion, as we have no experience to guide us. My opinion is that notes should be issued by, and payable on demand at, any Government treasury in Burmah, or at Calcutta and Madras in India.

How far the notes would possess the confidence and liking of the Natives, it is impossible to say at present; at first, I am pretty sure that a Paper Currency would not be favorably received.

No. 8.—I do not think it would be of much use.

No. 9.—No.

No. 10.—No notes.

No. 14.—To the Rangoon or Moulmein Treasury.

No. 17.—No gold here.

No. 24.—Gold would certainly be preferred to notes.

From the Deputy Collector in charge of Treasury, Meerut,—dated the 26th February 1866.

With reference to your Circular dated the 16th instant, received on the 22nd, I have the honor to furnish you with replies to the several queries put by you, in which I have been assisted by my Native treasurer and the manager of the Meerut Bank.

The Collector, to whom the papers were sent out in the interior of the district, has added his general remarks, giving purely his own opinion formed from intercourse generally with the people.

Answers by the Treasury Officers.

No. 1.—No.

No. 2.—Their not being exchanged for silver at treasuries; the average rate of discount is 1 per cent.

No. 3.—Barely any. Treasury officers are restricted to receive notes in payment of Government demands only, or cash them to a small extent for travellers, and issue them, if required, in part of pay of establishment, and for small sums to private individuals; traders, bankers, and shroffs not to get any.

No. 4.—I would suggest that notes of 10, 20, 50, and 100 rupees value, when presented at treasuries, be cashed at the discretion of treasury officers or to a certain extent, and that treasury officers should issue them when required.

General Remarks by Collector.

No. 4.—There would be no danger if the exchange of such notes, and of 5-rupee notes, if provided, were made compulsory. To leave it to the discretion of the treasury officer would not give the same confidence to the public: notes exchangeable at will of holder would pass freely from hand to hand, and after a while, at least, would seldom be returned into the treasury, unless when cash was absolutely needed. Such a facility for the exchange of notes would vastly increase the circulation of a Paper Currency, and at

once crush the discount system, which, at present, makes it so distasteful to the general public. Banks would readily take them at par, and hold them as their balances, whilst payees would as readily accept them from the banks.

Nos. 5 and 6.—The present arrangement of circles would do; but to promote the reception of a Paper Currency, the large treasuries within the circle should be allowed to cash all notes on demand, as the head office of issue now does.

Nos. 5 and 6.—As stated above, I would make the exchange of notes up to the value of Rs. 100 of any circle compulsory at every treasury. With such small notes there would be no great danger of a drain of silver from any treasury. I would, as confidence in the Paper Currency increased, extend the limit, bringing in notes of higher value, and in time we might hope to have but one universal note for all India, or, at least for the facility of check, one for each Presidency.

No. 7.—If notes of the several circles could be cashed at the chief treasuries, it would be immaterial if there was one universal note for all India; the continuance of notes of the several circles would, I think, be so far desirable, that the responsibility and check would be divided among the several head offices, to whom the notes cashed could be periodically transferred by the treasuries direct or through the head office of the circle.

No. 7.—Only as stated in answer to questions 5 and 6, when the public confidence had been vastly increased, could the abolition of minor circles and the establishment of notes universal to all India or each Presidency be safely carried out.

No. 8.—I would propose a note of Rs. 5 value, as there is no smaller note than Rs. 10 at present; it would be a convenience to the public, and would be held in great demand.

No. 8.—I would propose a note of Rs. 5 only in case a Gold Currency is not determined on. With gold pieces of the value of Rs. 5, corresponding to the British half-sovereign, there would be no great need of a note of a smaller value than Rs. 10.

No. 9.—I should say not.

No. 9.—Notes of the value of Rs. 5 would, in my opinion, pass as freely as cash, if the exchange was made compulsory at each and every treasury, but only under that condition: there must be perfect confidence to ensure perfect circulation.

No. 10.—No, as they cannot obtain them from treasuries, and the few they do get are either in satisfaction of demands or purchased at a discount, and, at present, they can only be used as remittances to Calcutta or Allahabad.

No. 11.—Yes, in all cases, excepting when received in satisfaction of demands.

No. 11.—And even when received under compulsion in satisfaction of demands, they would hesitate to have future dealings with the person so paying them in notes. If the banks in Upper India repaid their depositors in notes, there would soon be a reduction in the amount of deposits.

No. 12.—Not generally; it is to accommodate the public, and benefit themselves by the high discount.

No. 13.—This depends on the state of the market. Notes were preferred a short time back owing to the failures of the numerous firms in cotton speculation, when hoondees were not considered safe. Remittances in notes are attended with risk even under registered covers.

No. 14.—The line of railway is open to within 30 miles of this, and shortly the trunk line will be completed. The Accountant General, N. W. P., is first applied to by telegram in cases of emergency, and in two or three days the treasuries along the line of railway can meet the call, while some of the neighbouring district treasuries, not on the line of railway, could furnish aid in four or five days, either by employing bullock trains or country carts.

No. 14.—If, to begin with, only notes of small value, as above suggested, were exchangeable at will at every treasury, there would be no danger of the silver reserves falling low. Banks, for instance, would prefer keeping their balances in notes rather than in cash, and would be always ready to buy them, giving in pretty constant supplies of silver.

No. 15.—Yes.

No. 16.—That it was not the intention of Government that notes should take the place of supply bills, and be employed for remittances.

No. 17.—Rs. 14-14 to Rs. 15.

No. 18.—At par generally, but some times 2 to 3 annas premium.

No. 19.—Two annas discount.

Nos. 18 and 19.—At this moment (25th February) the value of English and Australian sovereigns is in the district at 5 annas premium. I have found that they are being bought at that rate, and are freely used for the illicit purchase of rights to waggons on the East Indian line.

No. 20.—To a certain extent.

No. 21.—The demand being small in the Mofussil bazars, and the coin consequently scarce.

No. 21.—I am not quite certain as to this reasoning. The demand being small, the value should be less. The supply would soon equal the demand. The fact is that, in Upper India, the demand and supply are exceptional, and no value can well be quoted.

No. 22.—Principally for hoarding, making jewels, lace, and nuzzuranahs at weddings; not so much for circulation.

No. 22.—This only refers to gold mohurs, of which the metal is very pure. If gold coinage, with the alloy of English sovereigns, was introduced, a person would hesitate to melt Rs. 10 into a Rs. 9 bracelet.

No. 23.—They would, most certainly.

No. 24.—The gold coins certainly to notes of like value.

No. 24.—Up to the point when quantity makes gold inconvenient to carry; but if notes were exchangeable at will, gold would only find the greater favor as it does in England, just as a traveller takes two or three

£5 notes and £5 in gold; at first, until the Natives began to acquire confidence in notes, they would undoubtedly prefer gold; but this would soon remedy itself.

No. 25.—It would not help the establishment of the Paper Currency, nor would it affect its circulation.

No. 25.—I am most decidedly of opinion that it would assist the establishment of the Paper Currency to a very great extent; gold coin of Rs. 5 and Rs. 10 being made legal tender, and notes exchangeable at will.

No. 26.—Not at present, it may eventually.

No. 26.—Assuredly it would under the above conditions mentioned in my remarks to question 25.

No. 27.—They would prefer gold and silver.

No. 27.—From all my enquiries, they would prefer gold, silver, and paper, if the facility for the exchange of the latter was extended as recommended.

No. 28.—To a very small extent, indeed, by jewellers and lace-makers; purity tested either by melting or the touchstone. (Gold mohurs are preferred to the bar gold).

No. 29.—No, the Government coin is preferred.

No. 29.—The Gold Currency in these upper provinces is purely nominal.

No. 30.—The Joypore gold mohurs next to the Government coin (sovereigns) are preferred to all others of the Native coinage, and that for the purity of the gold.

No. 30.—The purity of the gold gives it naturally the greater value for the purposes of making jewellery. It is only second to sovereigns as a means of currency, because the latter can be paid into Government treasuries in payment of demands.

No. 31.—According to intrinsic value, which, however, rises and falls slightly with the demand in the market.

No. 32.—They bear value according to the purity of the metal.

From the Deputy Commissioner, Mergui,—dated the 10th April 1866.

I have the honor to reply to your following queries contained in your Circular dated 16th February 1866.

No. 1.—The Natives of this place would refuse currency notes in their private transactions.

No. 2.—The Natives here cannot understand how paper can be of the same value as gold and silver.

No. 3.—None here.

No. 5.—I consider that a note made payable in every part of British India would be more popular than one only current in a certain circle.

No. 6.—I would make the note convertible on demand in any part of India.

No. 7.—I would recommend an universal note for all India, payable at the principal town or treasury of each district.

No. 8.—I consider no notes ought to be issued of less value than Rs. 10.

No. 9.—I think not.

No. 10.—None in this place.
No. 11.—None are cashed here.
No. 12.—None are bought here ; transactions are all in silver.
No. 13.—They prefer to send hard cash.
No. 14.—Inapplicable to this treasury, there being no Paper Currency.
No. 15.—Inapplicable to this treasury.
No. 16.—Inapplicable.
No. 17.—There are none in the bazar here.
No. 18.—There are none in the bazar here, but I believe the value is Rs. 11.
No. 19.—There are none here.
No. 20.—I think they do.
No. 21.—The coins are used as ornaments.
No. 22.—No.
No. 23.—Yes.
No. 24.—The sovereign and half-sovereign are most popular.
No. 25.—I think so.
No. 26.—I think not.
No. 27.—The shroffs and merchants here prefer a Silver or Gold Currency.
No. 28.—Bar gold does not circulate ; leaf gold does.
No. 29.—No.
No. 30.—There are none.
No. 31.—None.
No. 32.—None.

From the Collector of Midnapore,—dated the 6th March 1866.

In reply to your Circular dated 16th February 1866, I beg to submit the notes taken by Mr. T. C. Grant, the Joint and Deputy Collector here, in my absence, gathered from a meeting of mahajuns and others conversant in the questions put. I have added my own remarks where necessary.

The statements of one mahajun, Baboo Ramanath Rukhit, are separately recorded.

Nos. 1 and 2.—Yes, quite readily. A professional money-changer takes a small fee (from 2 to 8 annas per 100 rupees), whether he converts cash into notes or notes into cash. This is merely a price paid for the accommodation, and signifies no depreciation in the note itself, which, in all other transactions, is dealt with at par.

No. 3.—Notes are cashed by us at par, and given in exchange or paid out by us at par to any body who desires it, as long as our treasury can afford it ; we do not require the notes ourselves for transmission to Calcutta.—(Sd.) T. C. G.

No. 4.—The supply of notes some times runs short. Uncertainty of demand is as much the cause as uncertainty of supply ; keeping a larger stock in hand would meet all requirements.

No. 5.—I think the present arrangement has served its purpose. It had an air of caution which very probably had its advantages. Confidence is now established, and the inconveniences of the system to the public are apparent. Its abolition would best promote currency of notes.

No. 6.—I am not prepared to express any positive opinion. If facilities for exchange at par are given (without legal obligation) to local treasuries, I am inclined to think the present offices for conversion on demand will suffice.

No. 7.—Undoubtedly, I do. The commercial classes of Natives state that they would prefer it. Confidence in a universal note must be greater. But all other considerations apart, the present system is an artificial restriction on circulation, which must, I think, obstruct our knowledge of the requirements of trade.—(Sd.) W. J. HERSCHEL.

No. 8.—No. No one here seems to see any use in them, and the men of business express a decided objection to them. They complain that when large payments are made in such a form, the recipients would be put to great trouble and loss of time in examining and registering each note separately, in order to guard themselves against forgeries, stopped numbers, &c., &c., and that, after all, they would be very apt to take inefficient notes. They would very easily be lost and destroyed by accident, or wear and tear.—(Sd.) T. C. G.

A mahajun's objection; but I believe the non-commercial classes do not wish for a 5-rupee note. The idea that it would be useful in paying wages of labor is an employer's idea, I fear, and finds no response from the other side. The money order system is a very cheap mode of making small remittances, but it is not so largely used as to indicate a want for a cheaper system still.—(Sd.) W. J. H.

No. 9.—Nobody whom I asked seems really able to answer this. General opinion says they will *not* go much into circulation, but says it doubtingly—(Sd.) T. C. G.

No, I think the 100-rupee and 50-rupee notes will always have the largest circulation.—(Sd.) W. J. H.

No. 10.—Yes, they are always preferred.

No. 11.—Yes, they require to be paid when they accommodate any one by cashing hi note, and just so do they when they accommodate by giving notes for cash. All the shroffs and bankers here are money-changers also.

No. 12.—No; they get a fee for receiving the note and another for giving it out. By sending the note to be cashed at the head quarters of its circle, they would lose the latter fee and the postage.—(Sd.) T. C. G.

The smallness of the discount proves the truth of the mahajun's denial.—(Sd.) W. J. H.

No. 13.—Yes, decidedly.—(Sd.) T. C. G.

No. 14.—Very poor facilities. Treasure comes by steamer, and land carriage on a metalled road from Calcutta. Time occupied, three weeks from date of indent.—(Sd.) W. J. H.

Nos. 15 and 16.—No, not for that reason.

No. 17.—The Company's mohur goes at par; money-changers charge a fee for changing it into silver of 1 anna per rupee.—(Sd.) T. C. G.

I doubt the gold mohur passing at par in payment of debts.—(Sd.) W. J. H.

Nos. 18 and 19.—At about par, *i. e.*, 10 rupees. English and Australian sovereigns are called by the same name, and looked on as identically the same.—(Sd.) T. C. G.

I do not think these answers correct. Rs. 9-8 to Rs. 9-12 is the highest selling price I have heard of in the bazar. Buying price is a fancy one. I have sold them from the treasury at Rs. 10 in this way.—(Sd.) W. J. H.

No. 20.—Quite the contrary.

No. 21.—Because the gold coin is not a legal tender.

No. 22.—Gold is much valued for hoarding. It is slightly used for *circulation*, but has no great hold in this way.

No. 23.—They express little desire for it, except for use as reserves; for circulation they like silver.

No. 24.—I do not think the question was quite understood by the merchants here. I think they would all like a 5-rupee gold coin better than a note.—(Sd.) W. J. H.

No. 25.—Till Natives lose their present distrust of gold, I think it would not. I believe that, in a short time, they would lose this distrust (as was the case with the notes), and then I think it would.—(Sd.) T. C. G.

I agree in this view.—(Sd.) W. J. H.

No. 26.—Obviously so.—(Sd.) W. J. H.

No. 27.—All want silver and notes. All are loud in acknowledgment of the advantages they have received from notes. They say also that they would like *some* gold for convenience of stowage.—(Sd.) T. C. G.

This answer is, on the whole, favorable to the introduction of gold. From being used as a reserve of legal tender coins, gold is likely, in my opinion, to find its way into circulation most easily.—(Sd.) W. J. H.

No. 28.—No bar gold.

No. 29.—They are used, but not very much.

No. 30.—The Akbaree, the Jeyporee and the Sooltanee.

Nos. 31 and 32.—The Akbaree (which is of very excellent gold) at a fancy price above intrinsic value. The other two go by their weight as bullion.—(Sd.) T. C. G.

Answers by Baboo Ramanath Rukhit.

No. 1.—Yes, par, except only with money-changers, who take a small fee (not to be called discount) either in buying or selling notes. The fee varies from two to eight annas in the 100 rupees.

Nos. 5, 6, and 7.—Thinks that to have one note for all India would be a very great convenience. Wealthy men, when going on long journeys, find that their most convenient way is to take their money in notes and gold mohurs. Men from the Punjab, Madras, and Bombay are put to great inconvenience when their notes are carried out of the circle. The circle system for notes is supposed by almost all Natives to apply to the gold mohurs as well. They refuse to buy or receive a foreign mohur, however genuine and good, under the impression that it is out of its circle and therefore illegal to receive it.

No. 8.—Hopes there will be no 5-rupee notes. Sees no use in them; would find them a great bother, as in receiving large payments he would lose a great deal of time in examining and registering all the 5-rupee notes, which would also be very easily lost and destroyed by accident or wear and tear.

No. 9.—Does not feel very sure; but judging from analogy with the 10-rupee notes, he should think not.

No. 10.—Yes, more than any other method.

No. 11.—No, only when dealing with professed money-changers. In all other transactions, the note is always at par.

No. 12.—No.

No. 13.—Notes. Complains very much that notes cannot always be got from the treasury; wishes it were so ordered that they should always be procurable. It would finally put a stop (he thinks) to the present system of asking extortionate discount for hoondees from people who have no other way of transmitting money. It would make remitting very cheap and simple. It would make the money-changers' rates much lower, and bring the value of the note in *all* cases very close upon par—make it as good as cash.

No. 17.—The Company's mohur goes at par with all but professional dealers in money.

Nos. 18 and 19.—The people know of no difference between the English and Australian sovereigns. They are treated by even the shroffs and Native bankers as an identical coinage. Like the Company's mohur, they are at par in all ordinary business transactions, money-changers alone taking a small sum as *payment*, whether in buying or selling these coins.

No. 22.—People of substance and understanding, such, in fact, as are to be found in towns, prefer hoarding their money in Company's paper, with which they may at some time or other do a good thing. Ordinary people, such as are so generally found in the country, are fond of changing their rupees into gold mohurs for purposes of hoarding.

No. 23.—Thinks the chief use to which a gold coinage would be put would be the melting of it up into women's ornaments. Is clearly averse to a gold coinage, but not very explicit in his reasons. He seems to think that the coins would rise and fall in value, and would be looked on as a subject for speculation much as Company's paper is, that men would buy them when cheap for the purpose of selling them when dear.

No. 24.—Would prefer notes for 15, 10, or even 5 rupees to a gold coinage of the same value; but travellers would feel great convenience from the gold.

No. 25.—Some people may like to keep their reserve in silver and some in gold. Thinks it would be a matter of pure fancy; but that the over-cautious ("we are all over-cautious in this country") would stick to the silver whose value they know to be constant. (*Note.*—He evidently means to say that most men will stick to the silver.)—(Sd.) T. C. G.

No. 26.—Prays God he may never be left to silver alone again. Has felt immense advantages from the notes; looks on notes and silver as essential. He would like *some* gold too. It is so convenient to put 16 large rupees into one small coin.

Nos. 29, 30, 31, and 32.—Akbaree, Joynagoree and Sooltanee mohurs are current. The two latter sell by weight at their actual value: a fancy price is obtained for the Akbaree, which is a *very* pure coin.

From the Deputy Collector, Mirzapore,—dated the 9th March 1866.

I have the honor to acknowledge the receipt of your Circular dated the 16th ultimo, calling for information regarding the working of Act No. XIX of 1861, "to provide for a Government Paper Currency," and in reply to subjoin the following replies to the several queries contained in the same.

No. 1.—No.

No. 2.—1*st*, want of confidence is the chief reason of the depreciation of notes; 2*nd*, another reason is, that when notes are lost, they are not easily recoverable; again, Natives do not like halving the notes for purposes of making remittances by post: the measure causes delay before an entire note can be cashed; 3*rd*, a vital objection is, that no interest is given on notes; 4*th*, there is also a fear that stolen notes may be offered, and the receivers be punished for having them in their possession. Discount ranges between 8 annas and 1 rupee per cent.

No. 3.—As the transactions of cashing notes and receiving notes for cash are carried on at Mirzapore by the agency of the Bank of Bengal, I subjoin here the reply of the Bank Agent at this station on question 3—"The Bank of Bengal cashes notes of other circles than the Allahabad, at par for travellers, &c.; receives the Allahabad notes in payments of its dues, or to credit of its account current customers, and issues them in the same manner; but it does not undertake to cash all Allahabad notes for silver, or issue notes in exchange for silver or notes."

No. 4.—The Agent of the Bank of Bengal at Mirzapore is of opinon that the facilities are insufficient, and that the employment of the bank's agency would be the most effective means of increasing them. I would certainly avail myself of the additional facilities which banks would and do afford for cashing notes (provided they exchange notes at par), but I do by no means consider bank agency the most effective means to this end.

No 5.—I think so to a certain extent, and would retain it. The present arrangement has the advantage of a discount being paid on encashment, so far as mahajuns and shroffs are concerned.

No. 6.—I would not increase the circles; the measure would produce confusion. I would establish offices of sub-issue at the chief local treasuries within each circle.

No. 7.—I would not prefer the plan of having one universal note for all India, to be convertible at the Presidency towns and at certain specified treasuries. People would object to

take notes if they had not the option of exchanging them at any treasury they chose. The privilege of exchanging notes at any treasury, accorded at present to travellers, may, in my opinion, be accorded to the public generally.

No. 8.—Yes, because a 5-rupee note would be a great convenience in the bazars and shops for the purchase of goods and articles of small value, and because it would afford the means of making remittances of small amounts to distant stations by post.

No. 9.—Yes; especially among the comparatively poor.

No. 10.—Very seldom.

No. 11.—Yes; except in the case of relatives and friends.

No. 12.—No.

No. 13.—No.

No. 14.—By writing to the Accountant General, who issues orders on some close-by treasury having the means to supply the want by rail or road as the case may be. The Accountant General, from his knowledge of the state of the treasury derived from the monthly cash balance reports furnished to him, usually issues orders unasked for to supply treasuries who are in want of silver.

No. 15.—This treasury has always been able to meet the public demand for Paper Currency, and there has always been a sufficient supply of notes in hand. Some times notes of a given denomination have not been available, but notes of other denominations have been given aggregating the total sum required.

No. 16.—No remark.

No. 17.—From Rs. 15 to Rs. 15-8.

No. 18.—From Rs. 10 to Rs. 10-2.

No. 19.—From Rs. 10 to Rs. 10-2.

No. 20.—As to the gold mohur, it generally bears a higher value in Mofussil bazars than in Presidency towns.

No. 21.—Because of the cost of its transit.

No. 22.—No.

No. 23.—Mahajuns are opposed to a Gold Currency; but Natives in general are favorable to its adoption.

No. 24.—Notes of the values stated, rather than gold coins.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—Shroffs, &c., would prefer Silver, Gold and Paper Currency—all three together.

No. 28.—Very seldom; tested by *kussowtee*, or rubbing the gold against a certain stone, also by fire.

No. 29.—No.

No. 30.—(1), Kuldar; (2), Jeyporee; (3), Government; (4), Lucknow; (5), Delhi or Puchmer.

Nos. 31 and 32.—Artificial value apparently. Kuldar at Rs. 19-8; Government at Rs. 15; Lucknow at Rs. 14-12; Jeyporee at Rs. 15; Delhi at Rs. 16.

From the Assistant Commissioner in charge of the Treasury, Mohumdee.

No. 1.—No; certainly not.

No. 2.—The reason of the depreciation is caused—1*st*, by the notes not being receivable at the district treasuries, unless from travellers; 2*nd*, the circle system bars their being cashed at any great distance. One per cent. is the usual discount.

No. 3.—In this district, Mohumdee, the grantees have the option of exchanging and receiving notes of this (Allahabad) circle for cash. But this is only permitted at the sudder treasury. They some times have to send fifty or sixty miles to have their notes cashed.

No. 4.—This is sufficient for this district, as long as the present system remains—I mean the circle system.

No. 5.—Certainly not; the present measures are only half measures, and the reason why notes are not much more used is because of the present system. I have had application for notes from persons going out of the circle, but when they found that the notes only held good within the circle, they refused the notes. I consider that there should be a general note for all India, Bombay and Madras not excepted. This system might tell slightly against the banks, as remittances would be made very often direct, instead of by bank agency.

No. 6.—As I have already stated, I would not have the circle system. I consider that, in most instances, the present offices are sufficient. But I would have the notes convertible at any sudder or head treasury; and in large towns or places where sub-treasuries exist, I would allow the notes to be exchanged at those offices. I would here mention that the head office of issue might remain as at present; but the other offices (although receiving their notes for issue from the head office) should have the power to cash any note on demand.

No. 7.—I have already answered this question by answers 5 and 6, but will reply in full. I consider a note as an easy way of conveying money. It is light and portable, and can be packed away in a very small space; hence is especially useful for travellers when easily cashed; but becomes only so much waste paper when the possessor cannot obtain an equivalent either in goods or coin, and the greater the facilities for cashing, the more real the benefit. Now, under the present system, the possessor of a note (Allahabad currency for instance) on arrival at Allahabad, must cash his note, or its value deteriorates. Again, supposing a person in Oudh wants to proceed *viâ* Bombay Overland, or to visit some inland town in either of the three Presidencies, if a general note existed, any amount of money either for commercial purposes or for personal requirements might be carried with the traveller. It is true that a traveller has many advantages. But, under the present system the Natives mistrust our notes, and for the simple reason, that when the note system was first introduced, many Natives took the notes or received them from others as payment for monies due. But on presenting those notes, at the very same treasury from which they had been issued, payment was declined; the notes therefore, had to be sent to the head office of issue, or discounted at one per cent., or some times two per cent.

No. 8.—I would propose a note of 5 rupees, as at present the only means of transmitting small sums of money is by postage stamps.

No. 9.—I can hardly give an opinion on this point, as it all depends upon how the lower classes take to the note currency. At present, they view it with distrust.

No. 10.—Not generally used; the Native shroffs and mahajuns transmit by hoondees. The reason of this is that there is a chance of the notes being lost. I consider for any note system to answer well, that the post office and note distribution must work hand in hand, that is, there must be a pretty good certainty of the notes reaching their destination, which, under the present post office system, people are not sure about.

No. 11.—I believe it is. They take the same interest as on their hoondees, one per cent., two per cent., or some times three per cent.: this rate varies with the distance, whether the notes are cashable at Calcutta, Allahabad, or elsewhere; again, some shroffs take more, others less; there is no scale, and I fancy the character of the seller would in a measure affect the scale.

No. 12.—Not here. The trouble of transmitting and the risk of loss are against this.

No. 13.—No; they do not. Hoondees they give at so many days after sight, and payment can be stopped if lost.

No. 14.—In Oudh, rail to Cawnpore, and then the trunk road to Lucknow. I should apply to Seetapore and Lucknow, or, if I had time, to the Accountant General, Allahabad. But I think our silver reserve might always be so calculated as to avoid any short-coming.

No. 15.—No; never.

No. 16.—None.

Nos. 17, 18, and 19.—None in use in this district.

Nos. 20 and 21.—I do not think any of our European gold coin is much sought after by the Natives in the Mofussil; at the Presidency towns, the coin is purchased for future sale to persons going to Europe. But any Native prefers the Native gold mohur.

No. 22.—Yes; very fond. They prefer it to anything else for hoarding and converting into ornaments, provided the gold is soft.

No. 23.—Yes, I think they would, but it would take time to circulate.

No. 24.—Yes; anything of gold (being ipmerishable) would find more favor with the Natives than perishable paper. I think small gold coin would circulate; but I would not advocate a 15-rupee gold coin; a 5 and 10-rupee coin would answer, and would not be liable to be mistaken the one for the other, if a person was in a hurry, or by an uncertain light.

No. 25.—A Gold Currency would help a Paper Currency, and act against a Paper Currency also, for the following reasons:—That we require some portable currency instead of the cumbersome rupee is not to be denied. But this very thing would, to a certain extent, force persons to take to notes, and thereby the note would circulate more freely. But take off the pressure in that direction and give a gold coin, the result must tell to a certain extent against the paper, because, especially with the Natives, gold—an imperishable and a more coveted article with them—finds more favor; again, gold would help the note circulation, but only as far as the changers are concerned, because they could keep a larger reserve to meet any amount of notes.

No. 26.—Yes; I consider it would, when once in circulation, because the coin is more easy to remit and easier stored.

No. 27.—The Silver Currency is decidedly more preferable *at present*. But it need not be, and the reason is that Paper Currency is not liked for the reasons I have already mentioned *viz.*, "perishable and not easily cashed at par." The British gold is objected to for the reasons that the Natives only look at the coin in the light of its purity or otherwise. A gold mohur, although we place its intrinsic value at 16 rupees, will often sell at 18 or 20 rupees. I would beg to draw attention to this point, and consider that if a Gold Currency is introduced, that the purity of the gold employed, not quantity, should be attended to. We have our bulky rupee containing a certain amount of silver and a large amount of amalgam. But, as the Natives judge the coin by the amount of gold or silver it contains, it stands to reason that a rupee of less weight and size, containing the same amount of silver and less amalgam, would be preferred. Again, if we introduce a gold coin, the best way to obtain easy circulation would be to call in all the old gold mohurs, as Natives will buy the old gold mohurs (on account of the purity of its gold), in preference to any coin we circulate.

No. 28.—Gold does not circulate in this district, but does in Baraitch. The only way in which the purity is secured is by testing. Nearly all the Burmese know how to test gold, and are very good judges of the same. The purity of the bars differs; but the bar is submitted, tested by the Native money-changer, and a piece cut off, amounting to the value of change required. This piece is weighed, if under-weight a small piece is cut from the bar, and the full weight being made up, the bar is returned to its owner, who puts it by for another "chopping process."

No. 29.—Not much, the people in this district are too poor as a general rule. The mahajuns and talookdars use them however.

No. 30.—There are fourteen gold mohurs—

		Value. Rs.	As.	
1.	Jeyporee	16	0	These three are generally used in Oudh.
2.	Parree Shaee	14	12	
3.	Share Shaee	15	2	
4.	Muchleedar	15	0	
5.	Kuldar	19	0	
6.	New Jeyporee	15	0	
7.	Pootleedur	15	0	
8.	Akbarree	17	0	
9.	Mahomed Shaie...	16	0	
10.	Gowhur Shaie	15	8	
11.	Furruckabad	14	12	
12.	Sumshare Shaie...	16	10	
13.	Puttiala	12	0	
14.	Brijeskudree	14	12	

No. 31.—No, certainly not; they pass for their purity.

No. 32.—They bear the respective value as per above table, that is, a seller to a shroff would receive those amounts; but a purchaser from a shroff would have to pay 2 to 4 annas premium on purchase.

From the Collector of Monghyr,—dated 27th March 1866.

I have the honor to acknowledge the receipt of your Circular dated 16th ultimo, and in reply to furnish the following replies to the queries therein contained.

No. 1.—No.

No. 2.—The chief reason for the depreciation of notes appears to me to be the following. The holders of the notes cannot readily obtain cash in exchange for them whenever they may wish to do so; and *second*, the fact that the notes have no currency beyond the limits of the circle to which they belong: the first cause interferes with the utility of the notes within their own circle, and the second renders them altogether useless beyond it. The average rate of discount charged is 6 annas per cent.

No. 3.—Treasury officers are allowed to exchange notes for silver to any amount; but are prohibited from exchanging silver for notes except in small sums, and as an accommodation to private parties or travellers. (*Vide* rules on the subject, Hume's Manual, page 612A).

No. 4.—I would recommend that the above-mentioned prohibition be removed, and that treasury officers be allowed to cash notes to any amount; care being, of course, taken that they do not thereby reduce their reserve of coin below the amount necessary to meet their own requirements.

No. 5.—Certainly not.

No. 6.—No, I would not recommend the adoption of either plan.

No. 7.—Yes, I would have one note for all India, convertible at the Presidency town, and at the largest possible number of mofussil treasuries. I believe that such a note would find favor with the Native community, and be readily received and paid away by them in their private monetary transactions.

No. 8.—I doubt whether a 5-rupee note would be required; that small amount can be carried as easily in silver as in paper, and is more readily available for use in the first form.

No. 9.—I do not think that it would.

No. 10.—No, not much by the Native bankers of this district.

No. 11.—Yes.

No. 12.—No, there is no regular business of that nature done.

No. 13.—No, except when the rate of discount charged on hoondees exceeds that payable for cashing notes. *Ceteris paribus*, they prefer the hoondees as keeping up their connection.

No. 14.—Monghyr is on the line of rail from Calcutta to Delhi, and has, therefore, every facility for obtaining cash remittances from other treasuries along the line. In case of a remittance being required, I would report the fact to the Accountant General, and he would order a remittance to be made from the nearest treasury, in which there happened to be a surplus of cash.

No. 15.—No, my indents for notes have always been complied with.

No. 16.—No answer required.

No. 17.—Rs. 15.

No. 18.—Rs. 9-14.

No. 19.—Rs. 9-14.

No. 20.—No, I believe that they bear the highest value in the Presidency towns.

No. 21.—No answer required.

No. 22.—Gold is at present in favor with the people for the purpose of hoarding only.

No. 23.—I have no reason to suppose that they would object to a Gold Currency, of which the coins were actually of the full value which they represent.

No. 24.—I think that they are, provided they be of such a currency as I have described.

No. 25.—Probably it would, but I cannot give a decided opinion upon this point.

No. 26.—I think it would; the much greater portability of sums in gold as compared with silver would, as it seems to me, facilitate the making of cash remittances, and thereby render it comparatively easy to keep outlying treasuries in a position to cash all notes presented.

No. 27.—I have reason to believe that a Silver, Gold, and Paper Currency would be preferred by the Native bankers to either of the other currencies mentioned, provided the paper were universally current, and readily exchangeable for coin, and the gold coins were of the full value which they represent.

No. 28.—Bar gold is not in circulation in this neighbourhood.

No. 29.—No, not much.

No. 30.—The following are the names of those occasionally in circulation :—

1*st*.—Jyenuggree.	5*th*.—Shah Jehanee.
2*nd*.—Kuldar.	6*th*.—Chuttershahee.
3*rd*.—Charyaree.	7*th*.—Pootleewalla.
4*th*.—Mahomedshahee.	8*th*.—Dukhinee.

No. 31.—Yes.

No. 32.—No.

From the Assistant Commissioner in charge of Montgomery Treasury,—dated the 23rd March 1866.

No. 1.—No. They are not used.

No. 2.—That they do not properly understand it.

No. 3.—Notes are exchanged agreeably to circular No. 159 of 1864 to travellers and to private parties at the discretion of the treasury officer.

No. 4.—In my opinion, scarcely sufficient. Treasury officers should in all cases cash notes, except when by doing so their cash balances would be too much reduced.

No. 5.—I think a single universal circle for the whole Presidency, or even for the whole of India, would be advisable, as the Natives use notes principally for remittances, and in remitting a note of one circle to a place in another circle, they send them to a place where they are not generally current.

No. 6.—I think one universal circle would be more convenient for the reason above recorded. Offices of sub-issue would be a very good arrangement calculated to increase the circulation considerably, and by increasing the facilities for converting notes, make them much more popular.

No. 7.—I would prefer one universal note, but would have its convertibility less restricted, the idea of a Paper Currency being strange to Natives; they at first endeavour to test the value of the notes by seeing if the nearest treasury officer will at once cash them, and any hesitation or refusal on his part tends greatly to shake confidence. If one universal note be adopted, it would be necessary to keep in the local treasuries more careful registers of missing or stolen notes, and it would be also advisable for Government to give early information of all recovered notes so as to keep these registers as small as possible.

No. 8—A note for Rs. 5 might be useful for remittances, as hoondees are not granted for that amount; but I do not think it would be of much use for circulation, as no one ever complains of the inconvenience of carrying Rs. 10 in cash. A 5-rupee note currency would also be more difficult to manage, and I think would, without adequate benefit, greatly increase the labor and responsibility of treasury officers.

No. 9.—5-rupee notes might possibly be largely circulated, but only under circumstances under which the circulation of all notes would be increased, that is, when the people could better understand and trust them.

No. 10.—This is a rural district, and there are few shroffs or Native bankers. Very few indeed who trade with distant places. Remittances are, therefore, few, and hoondees are always employed.

No. 11.—As notes are not cashed by shroffs, discount is not exacted.

No. 12.—No, they do not, as they have no confidence in them.

No. 13.—At present, they prefer hoondees, although they have to pay hoondeeawun. It is possible, however, that when they have more confidence in notes, that this will be reversed.

No. 14.—By rail, from the Lahore Currency Office.

No. 15.—This treasury has always been able to meet the demand made on it.

No. 16.—Indents have at once been complied with.

No. 17.—The average value of Government gold mohurs is Rs. 18.

No. 18.—The average value of English sovereigns is Rs. 10, but they are not much in currency.

No. 19.—The average value of Australian sovereigns is Rs. 9, but they are very scarce.

No. 20.—No, they do not.

No. 21.—They are not used as currency, and, besides, there are so few of them that they can scarcely be said to be subject to any bazar rate.

No. 22.—The people are fond of gold for jewellery, but not for circulation.

No. 23.—I think the Natives would like it.

No. 24.—Yes, because they do not understand the convenience of notes.

No. 25.—Yes, I think it would.

No. 26.—The resources of the outlying treasuries depend on causes different from the nature of the currency; a Gold Currency would, however, be a very convenient reserve from which notes might be cashed. This treasury has never had any difficulty in cashing all notes presented.

No. 27.—At present, they prefer a coinage currency, but I think when they become more accustomed to notes, they will have more confidence in them and better understand their convenience.

No. 28.—No bar gold is circulated in this district, nor does it exist.

No. 29.—Yes, if Jeypore and Furruckabadee mohurs can be procured.

No. 30.—Furruckabadee, Jeyporee, Bokhara.

No. 31.—Some times: their price is, however, variable.

No. 32.—They bear an artificial value according to their respective denominations.

From the Assistant Collector of Moorshedabad,—dated Berkampore, the 27th February 1866.

I beg to acknowledge the receipt of your communication dated the 16th instant, and have the honor to submit the following replies to the queries contained therein.

No. 1.—Natives do not in general object to receive notes in payment of claims, but I have no doubt they much prefer silver. The use of silver is undoubtedly much more prevalent among the Native community than that of notes. It is always necessary to pay a small sum to have a note changed in the bazar.

No. 2.—It seems to be the general idea of the lower classes, that notes are not so safe as silver. The fact that silver is not issued freely in exchange for notes at this treasury may have partly given rise to this idea. Notes are, moreover, not so well adapted for purposes of hoarding as silver, as they are liable to be destroyed by fire and eaten by insects, mice, &c. The average rate at which notes are discounted in the bazar is about four annas per cent.

No. 3.—Notes are freely issued for silver, but silver is issued only at the discretion of the treasury officer as an accommodation to private parties and travellers. In this treasury the disbursements are generally greater than the receipts. It is consequently necessary to be careful that the issue of silver in exchange for notes should not be so great as to materially affect the supply of silver in this treasury.

No. 4.—I do not think the facilities afforded by this treasury for the exchange of notes for silver are sufficient. If officers in charge of neighbouring treasuries were directed to send all their superfluous silver to this treasury, these facilities might be greatly increased, though I doubt if even then they would prove adequate to satisfy the public demand.

No. 5.—I do not think the present arrangement of circles, with a separate note for each circle, the best possible plan. The Natives have an idea that the notes of one circle are not convertible for those of another, and consequently will only receive the notes of their own circle. This greatly impedes the free issue of notes, and necessitates their being sent to Calcutta. I should propose the abolition of the present system.

No. 6.—I do not approve of either of the plans suggested in question 6, because I do not see that they would be more calculated to promote the reception of the Paper Currency by the Natives than the present system.

No. 7.—I should much prefer one universal note for all India, like the old Bank of Bengal notes, and convertible at all treasuries. I think this would tend to simplify matters. The Natives would feel confidence in such a note, and if convertible at all treasuries would receive it readily.

No. 8.—I believe a 5-rupee note would be a great convenience to the Native community. In this country cash transactions are chiefly prevalent. The Natives have not sufficient confidence in each other to make use of the credit system to any extent, and as it is exceedingly inconvenient to carry large sums in rupees, it would much facilitate matters if a 5-rupee note were issued. For these reasons I would propose the issue of a 5-rupee note.

No. 9.—Yes, for the reasons above stated.

No. 10.—Notes are very much used by all classes of Natives for purpose of remittance.

No. 12.—No; they generally procure their notes from the Government treasuries, or from their chief offices in Calcutta.

No. 13.—It is the practice of this treasury, in consequence of the inadequate supply of silver alluded to above, to issue supply bills for sums above Rs. 300 *at par*, and these hoondees are much preferred to notes for purposes of remittance by shroffs and Native bankers. For sums under Rs. 300 they prefer notes, as they have to pay one per cent. premium for money orders for such sums.

No. 14.—Silver can be brought from Calcutta in twenty-four hours.

No. 15.—This treasury has never been unable to meet the public demand for Paper Currency, in consequence of non-compliance with my indents. But I believe this has some times occurred, though not within my individual experience, in consequence of the stock of notes having been allowed to run low. This has not occurred lately.

No. 16.—My indents have always been complied with.

No. 17.—The average value of the Government gold mohur in the bazar is Rs. 15-4.

No. 18.—The English sovereign is unknown in this neighbourhood.

No. 19.—The Australian sovereign is unknown in this neighbourhood.

No. 20.—Judging from the instance of the Government gold mohur, I should say that they do.

No. 21.—This is due to the fact of shroffs bringing these coins from Calcutta for purposes of trade.

No. 22.—The people are fond of gold for purpose of hoarding, not for circulation.

No. 23.—I think it probable that they would.

No. 24.—No.

No. 25.—I think it would if the note were convertible.

No. 26.—Yes.

No. 27.—I think they would prefer a currency of all three.

No. 28.—Yes, the purity is tested by a stone called *kussowtee*, also by means of fire.

No. 29.—No.

No. 30.—The gold mohurs known in the neighbourhood are the following:—

1. Akbar Shahi	5. Patnai
2. Maladhari	6. Chari Ari
3. Mohamed Shahi	7. Moorshedabadee*
4. Delhi Wallah	8. Ram Chunderi

No. 31.—Yes, with the exception of the Char Ari and Ram Chunderi mohurs.

No. 32.—The Chari Ari and Ram Chunderi mohurs bear an artificial value on account of their age. The Chari Ari mohur is valued at Rs. 50. The Ram Chunderi at Rs. 150. The latter is much sought for purposes of poojah.

From the Officer in charge of the Treasury, Moradabad,—dated the 12th March 1866.

After a consultation held with the chief commercial and banking members of the city of Moradabad, I have the honor to furnish the information called for in your Circular of the 16th ultimo, the answers being numbered according to the questions put by you.

No. 1.—Government currency notes are not used at all by the Native community in their private monetary transactions.

The Moorshedabadee mohur is of two kinds—one of seventeen annas weight, another of eighteen annas weight.

No. 2.—The reason simply is, that they cannot get these notes cashed, as a matter of right, at all Government treasuries. The rates of discount depend upon the rates of exchange of the day for hoondees on Allahabad and Calcutta. The average rate, however, appears to be 12 annas for an Allahabad and 1 rupee for a Calcutta note.

No. 3.—Every possible facility is afforded by treasury officers towards the circulation of the notes; but restrictions have been placed in regard to the cashing of notes for private individuals, and, therefore, the greater portion of such notes are cashed for travellers. Very few applications from the Native community are made to obtain notes in exchange for silver, but these have always been complied with.

No. 4.—If all and every kind of restrictions were removed by the Government, and individuals could get their notes cashed at every treasury, as a matter of right, monetary transactions in notes would immediately become general everywhere and with all.

Nos. 5, 6, and 7.—If the Government will remove all restrictions to the cashing of notes, and authorize their being converted into silver at every Government treasury, one universal note for all India would be sufficient. If, however, this restriction cannot be removed, I would still not increase the number of the present circles, but would advocate the establishment of offices of sub-issue at the chief local treasuries of these provinces, such as Meerut, Agra, Bareilly, &c.; for, as stated in my answers to questions 2 and 4, the only reason with the Native community for not making use of the currency notes is the delay and difficulty experienced in getting silver in exchange for paper. The same objection would hold good with them in regard to the rupee, if it could be exchanged for copper only at certain localities. Circulation, under this circumstance, of the rupee would probably stop at once, or it would be taken at discount. Government wish to give the notes circulation in daily monetary transactions as silver, or in lieu of it. It is not so used here at present, but is simply held in the light of a supply bill or other bills of exchange which cannot be converted into silver, as a matter of right, at any other treasury than that upon which it has been drawn. The reason of the depreciated value of the currency note at Mofussil stations is, therefore, self-evident. It must not be supposed, however, for a moment, that if the currency notes could be cashed by the Native community at every Government treasury without restriction, that they would hasten to convert such notes into silver as soon as received by them; far from it, they would simply then receive and pass on the notes in daily transactions as any other coin at par value, and prefer them too. All that they require, in reality, is to possess the power and right to obtain silver for notes at any Government treasury they choose. This is the only means that I can see by which a Paper Currency could be established to the confidence and liking of the Natives.

Nos. 8 and 9.—I think the introduction of a 5-rupee note would be of advantage for the use of the middling classes of the Natives, and amongst these the circulation of such a note would be greater than others of a higher value.

No. 10.—They are not so used.

No. 11.—Yes; discount is exacted in all cases by Native shroffs and bankers when cashing notes.

No. 12.—No, they do not; neither do they seem to care to do it. I do not think there are 2,000 rupees worth of notes to be found among all the *sahookars* and bankers of Moradabad.

No. 13.—No, they do not; for they can always obtain duplicates of hoondees, without any trouble in case the originals are lost in transit; and they are not aware they can do this in the matter of a lost currrency note.

No. 14.—The nearest first class treasuries are those of Meerut and Bareilly, both of which are only accessible by road; but I am not in a position to say whether I could reinforce my reserve cash from either of them. This would depend upon the state of their own reserve.

Nos. 15 and 16.—My treasury has always had a sufficiency of notes on hand to meet all demands hitherto.

No. 17.—The average value of the Government gold mohur of 16 rupees is about Rs. 15-2.

No. 18.—The English sovereign is at par at present from its rarity.

No. 19.—There do not appear to be any Australian sovereigns in the market.

Nos. 20 and 21.—I am not in a position to answer these questions.

No. 22.—The very rich Natives probably prefer hoarding gold, but the generality of them prefer silver. Gold is not used for circulation.

Nos. 23 and 24.—The Natives would certainly prefer gold coins of 15, 10 and 5 rupees value to notes of similar value—the gold being of intrinsic value which the currency note is not.

No. 25.—Gold Currency of the same values above given would, I think, help to establish the Paper Currency of higher values, but only on the removal of all restrictions as to cashing notes at Government treasuries.

No. 26.—I am not quite confident on the point.

No. 27.—So far as I am able to judge, I think the shroffs and bankers would prefer to have silver, gold and rupees. Silver, as the basis of monetary transactions; gold, from 15, 10 to 5 rupees; and currency notes, from 20 rupees and upwards.

No. 28.—Bar gold is not in circulation in this district.

No. 29.—Gold mohurs of any kind are not used by Natives as means of currency.

No. 30.—The Jeypore gold mohurs of two kinds, old and new; the Lucknow and Government gold mohur.

No. 31.—They do not pass for intrinsic value.

No. 32.—They bear an artificial value according to the existing market rate of exchange. The old Jeypore gold mohur is always two annas and four annas each above the new Jeypore. The Lucknow gold mohur is less in weight and in value; the quality of the gold also is said to be inferior.

In conclusion, I would beg to state that in consequence of the intervention of the Hindoo festival of the *kooly*, I have been unable to reply to your circular under acknowledgment on an earlier date.

From the Deputy Commissioner of Mozuffergurh,—dated the 9th March 1866.

I have the honor to furnish the report called for in your Circular of the 16th ultimo.

Nos. 1 and 2.—Government currency notes are not in use in this district.

Nos. 3 and 4.—Currency notes are exchanged for silver, but not silver for notes.

Nos. 5, 6, and 7.—Notes have not been used at all in this district, so I have been unable to judge of the advantages or disadvantages of the present arrangement.

Nos. 8 and 9.—I am not of opinion that the 5-rupee note would have a larger currency than notes of a greater value.

Nos. 10 and 12.—No.

No. 13.—They prefer hoondees owing to notes not being exchanged for silver at the treasuries.

No. 14.—To Mooltan Treasury.

No. 15.—No.

No. 17.—Rs. 10-2 to 3.

No. 18.—Rs. 10.

No. 19.—There are none.

No. 20.—No.

No. 22.—Yes, for hoarding, not for circulation; more than all for converting into ornaments.

No. 23.—They appear indifferent to it.

No. 24.—Yes; much more so.

Nos. 25 and 26.—Yes.

No. 27.—There are no large shroffs in this district. The shroffs here are, as a rule, agents to larger banks in Mooltan.

No. 28.—No.

No. 29.—No.

No. 30.—Jeypore gold mohurs; they are of pure gold, and are purchased to be converted into jewels.

Nos. 31 and 32.—Yes.

From the Assistant Collector in charge of the Treasury, Mozufferuggur,—dated the 5th March 1866.

In reply to your Circular dated February 16th, I have the honor to transmit herewith the best answers to the questions which I have been able to give. The scanty materials at my disposal must be my excuse for the crudeness and meagreness of my replies.

No. 1.—Currency notes have not been in use here for much more than eighteen months; the first supply having been received on the 24th June 1864. The notes have not been used at all by the Native community in their ordinary transactions. The only use yet made of them has been for remittance to Delhi, and for that purpose they have been procured, as wanted, from the Government treasury. I am informed that notes were at one time bought in Delhi at 8 annas per cent. premium for sending to Calcutta in payment of goods. Now raw cotton is sent instead, and notes are at a discount.

No. 2.—It can hardly be said that notes have been depreciated here, simply because they have never been current. Those taken from the treasury by the Natives have almost, if not all, been used for remittance to Delhi. This was when notes could be cashed at Delhi at par or at a premium. Directly notes had to be cashed at Delhi at a discount, remittance by hoondees was resumed, and notes were not taken here on any terms.

The treasurer says the discount on notes at Delhi has been—

Under	Rs. 50	...	2 per cent.
Above	„ 50	...	1 „

No. 3.—As to the issue of notes in exchange for silver, there is every facility so long as the stock of notes last. Hitherto, the stock has at all times been sufficient to meet the demand. The rules for the cashing of notes are those contained in Accountant General's circular order, A. H., 1864-65, dated 14th October 1864.

Allahabad Notes.

1*st.*—"Treasury officers should not refuse to give coin in exchange for them, so long as they are in want of a sufficient stock of notes."

2*nd.*—"When the stock of notes on hand is at the maximum, they should be cashed for travellers only, and for small sums, at the discretion of the Collector."

3*rd.*—"With this proviso, notes of other circles may also be cashed to meet the convenience of travellers, but not for any other purpose."

These rules, so far as Natives are concerned, have been almost inoperative. The notes issued have not remained in the district, but have been sent to Delhi. No payments of land revenue into Government treasuries have been made in notes. The power of paying Government revenue, &c., in notes does not seem sufficiently known; for several persons state that they would take notes in private transactions, if they could pay them afterwards on account of land revenue into the different sub-treasuries. The grain-dealers do not take notes, because they cannot get rid of them; they cannot cash them at the Government treasury; they cannot pay them in as revenue; nor will any zemindar or cultivator take them in payment of grain.

No. 4.—If it be unadvisable to go the length of removing all restrictions on the cashing of notes, and allowing them to be cashed on presentation at any Government treasury of the

circle, then, I think, the present facilities are amply sufficient, if only more widely known and made use of. The great object is to inspire the Native community with a thorough confidence in the note, and the power of demanding its conversion at some place 500 miles off is, to the majority of the population, as if there were no power to convert it at all. The want of confidence in the note, as a substitute for a metal currency, is curiously illustrated by a story, I am told, is going about in this district. This is to the effect that the object of Government in replacing silver by notes is to get all the precious metals into its own hands. For hoarding the silver and gold so obtained, an immense cave has been set apart in the mountains near Nynee Tal. When once the country has been denuded of coin, and it is all collected together at Nynee Tal, the whole will be shipped off to England. The above sort of story is a fair index to the hopeless ignorance one has to work against; and it, I believe, more truly represents the real feeling of the people, than do the formal unmeaning phrases expressing approval of all Government may be pleased to do, which are nearly all I have been able to extract from the persons I have examined when the question was one of opinion only.

No. 5.—As I have already stated, 18 months only have elapsed since notes were introduced. The period is a very short one, and can hardly be considered sufficient to bring out very strongly the merits or defects of the present circle system. Notes do not appear at present to come into the district, and those which have been issued have left it. So far as I have any opinion, I would say that the system of circles has neither aided nor retarded the issue of notes in this particular district. Notes have not even commenced to take the place they occupy in European States under the present system; nor do I think they would have, during the same short time, under any system whatever. The only evidence I can give is of this negative character.

No. 6.—It is not for me, with the experience only of a small treasury having no extensive transactions, to decide on the advisability of retaining or of revising the present currency circles. This I may say, however, that the easier and more wide-spread are the means for converting the notes, the greater will be their circulation among Natives, more especially at first, when the persons who will take a note at any price from the unfortunate possessor are few and far between. The establishment of sub-offices, where the note would be convertible on demand, would, I think, have a favorable tendency. If notes were convertible at Meerut, they would be more readily held here; but not so much so as if they were convertible on the spot. But, even in the latter case, the prepossession in favor of a metallic currency capable of being hoarded without being destroyed by insects, as paper would be, is so great that I cannot expect that notes would, to any great extent, replace metal, not at least for many years to come.

No. 7.—As I stated in answering question No. 5, the 18 months' experience at this treasury, so far as it goes, has been neither for nor against the currency circles. Not having made the subject my study, I am unable to speak to the advisability or not of one general circle. So far as this district is concerned, the important point is to make the note convertible either on the spot, or at some place very close at hand.

No. 8.—As the case stands, in respect of this particular district, I would not recommend a 5-rupee note. Even the 10-rupee notes do not issue readily, if notes of higher value are obtainable. The notes have been used for remittance only, and for this the more value in small compass the better. One of my informants wisely remarks that the postage on a bundle of 10-rupee notes is so much greater than on one note of Rs. 500.

No. 9.—It stands to reason, in a country where Rs. 10 or Rs. 15 a month is a very fair income, that if ever the currency notes are to be the ordinary medium of exchange among the mass of the people, a 5-rupee note must have a larger currency than any other. As a matter of fact, however, the currency note is not the ordinary medium of exchange, nor is a 5-rupee note likely of itself to make it more so.

No. 10.—Notes have been used in this district by shroffs and bankers for nothing but remittances, almost exclusively to Delhi, which is the mart whence they receive their investments of goods. When hoondees on Delhi are only to be got here at a premium, and notes sell in Delhi at par, or at a premium, then notes are sent instead of hoondees; when it is the

other way, remittance by hoondees is resumed. As an instance of how little destroys the Native's confidence, I may mention here that a Native dealer sent a 50-rupee note by post to Delhi. The note was lost on the way; he applied for another note, but did not get it at once replaced. I do not know whether he ever received another note in place of the one lost; at any rate, he ceased to employ notes and had recourse again to hoondees. The treasurer, with respect to this question, says that shroffs use notes to send to Calcutta, but they do not buy them from others, nor do others from them. They get what notes they want from the treasury.

No. 11.—Notes have been mostly got by shroffs from the treasury, and these have been remitted to Delhi. They were once or twice bought from holders here at a premium, when all the higher value of notes had been issued from the treasury. Notes, so far as I can find out, are not cashed here by bankers in a regular way; when the exchange (by hoondees) on Delhi is favorable, they refuse to take notes even at a discount. If the exchange on Delhi is against this place, then notes are taken at full value. One cloth merchant says he would take a note from a purchaser, but he would not give cash for one. I should not care, however, to put him to the test even to the above extent.

No. 12.—This has not been the practice, if what I have ascertained be correct. The why and the wherefore will be understood from my answers to the preceding questions.

No. 13.—As I have several times already said, the principal mart for this place is Delhi Hoondees are preferred for remittance there when they are to be got on favorable terms. Notes are preferred when hoondees can only be got here at a premium, and when the note is, at the same time, convertible at Delhi at or above par.

No. 14.—This point has no very immediate practical importance so far as concerns this treasury. The yearly income is 26,00,000 rupees, the ordinary expenditure only 12,00,000 rupees, the balance 14,00,000 rupees is remitted from time to time to Roorkee, Meerut, and Dehra. Admitting the speculative possibility of a rush of currency notes lowering the cash balance to a dangerous extent, I should in that case apply to Seharunpoor, Roorkee or Meerut. All three places are about the same distance off, *viz.*, 35 miles. Meerut and Roorkee are reached by the grand trunk road; to Seharunpoor there is at present only a *kutcha* road. A year or two hence, Meerut and Seharunpoor will be connected with this by the railway, now in course of construction.

No. 15.—The demand for notes at this treasury has always hitherto been met. Compliance with indents for notes has not been refused. Only three indents have been made.

No. 16.—See answer 15.

No. 17.—The average price of the Government gold mohur is from Rs. 14-13 to Rs. 15, and some times a little more, but rarely.

No. 18.—The English sovereign is from Rs. 10 to Rs. 10-5.

No. 19.—The Australian sovereign is not known here.

No. 20.—The treasurer says mohurs are bought always at 4 annas each above the Calcutta rate. No one else knows anything of the market rates beyond Delhi.

No. 21.—The treasurer, who, as I have said in answer No. 20, is the only person who knows anything on this point, gives us a reason for the higher value here, *viz.*, the cost of transit, &c., which, in itself, seems sufficient to account for the difference.

No. 22.—It is difficult to get very satisfactory answers to this question. The impression I have carried away with me as the result of my enquiries is, that gold is not much, if at all, used for circulation; but that it is used largely for hoarding and for making various ornaments. Bracelets, necklaces, and armlets are all made up of gold-coins. The Jeyporee mohur is melted down, but none of the others.

No. 23.—As to the preference of the Natives for a Gold to a Silver Currency, I am doubtful. The answers I got were intended evidently more to get rid of the question than to impart any opinion worth having. There is little doubt that a Gold Currency would always

have some circulation; and if comparison is to be made between it and a Paper Currency, the Native would most certainly prefer the gold to the paper. A gold coinage has always existed in Native administrations, and, even now, gold is much sought for.

No. 24.—In the present state of feeling with regard to the notes, gold coins of 15, 10, and 5 rupees would, I feel sure, have much greater success than notes of the same value. Gold coin would accord much more readily with Native ideas on currency, and would be accepted without question by every one.

No. 25.—With all due diffidence. I must say I do not see how gold could help to establish a Paper Currency. If gold were issued, the Natives would take it, but how that would increase the interchange of notes is not apparent; and if the people once get the requisite confidence in notes, they would pass them from hand to hand, whether or no gold was held in reserve.

No. 26.—To this question I can give no answer, not being aware of any reasons for or against.

No. 27.—There are no opinions on this point worth repeating. Each person answered what first came into his head, but was unable to state any intelligible grounds for his choice. The treasurer, who may be supposed superior to the common herd, expresses an anxiety that, if paper be substituted for metal, all gold and silversmiths will be ruined, as they will be unable to procure metal to work up. This seems an indirect statement of the rumour I spoke of in answer No. 4, and yet the treasurer finishes off by saying he prefers a Gold and Paper Currency.

No. 28.—Gold bars are used for making ornaments; they are procured from Delhi. The purchaser examines the marks and then gets a goldsmith to scrape off a little, melt it in the fire, and then test it by the touch-stone. It is then paid for according to quality.

No. 29.—Native gold mohurs, all say, are much used. But they are used, it seems, as ornaments and for hoarding, and not as currency.

No. 30.—Government mohur, Rs. 14-13 to Rs. 15; Jeyporee, Rs. 15-12 to Rs. 16; Kuldar, Rs. 19 to Rs. 19-8; Moorshedabadee, Rs. 19-4; Mahomed Shahi (very rare), Rs. 15-12.

No. 31.—Some say they are sold at their Mint value; others, that they are sold at intrinsic value by weight. The latter account is, I think, the more correct one.

No. 32.—The Mint stamp seems to be more or less looked to, as certain coins, such as the Jeypooree, have an especial reputation for purity. But the intrinsic value and weight are held of more importance.

The following is a memorandum of all notes received and issued up to 28th Febuary :—

	10 Rupees.		20 Rupees.		50 Rupees.		100 Rupees.		500 Rupees.		Total.	
	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Received from the office of issue at Allahabad ...	500	5,000	350	7,000	180	9,000	170	17,000	34	17,000	1,234	55,000
Received from the public...	52	520	24	480	10	500	2	200	...	...	88	1,700
Total	552	5,520	374	7,480	190	9,500	172	17,200	34	17,000	1,322	56,700
Issued to the public ...	381	3,810	260	5,200	117	5,850	135	13,500	32	16,000	925	44,360
Balance	171	1,710	114	2,280	73	3,650	37	3,700	2	1,000	397	12,340

From the Treasury Officer, Muttra,—dated the 5th March 1866.

In reply to your Circular dated 16th instant, I have the honor to forward the following answers to the queries set therein.

No. 1.—The Native community here does not seem to have been so much accustomed to the use of currency notes as to readily receive and cash them at their full value.

No. 2.—The reason for this depreciation may, I think, be partly ascribed to the fact of the non-issue of a duplicate (as it is usual in the case of private hoondees and treasury drafts), when the original is lost, and partly to the feeling of insecurity which is entertained from the unsubstantial nature of the Paper Currency notes. The average rate of discount is generally at two per cent.

Nos. 3 and 4.—The notes when presented to the treasury are cashed (subject, of course to the prescribed rules) and are issued when demanded in exchange for silver. These facilities are, I think, sufficient.

Nos. 5 to 7.—Neither the present arrangement of circles (with a separate note for each circles), nor any increase to their number, nor the establishment of the offices of sub-issue at the chief local treasuries within each circle, would add so much to the convenience of the public in general at all places, as the introduction of the currency of one universal note either for all India, or for each Presidency (as may be deemed preferable), without, of course, the restrictions of being convertible only at the Presidency towns and at certain specified treasuries. The disadvantages attendant on the cashing of notes of one circle in another are very great impediments to their being readily received and cashed by the shroffs, bankers and others in their private monetary transactions; hence the small circulation of notes.

Nos. 8 and 9.—The notes of the value of 5 rupees may greatly help remitters when their remittances are more to that extent, than the even sums for which the notes can now be obtained. In absence of any notes of this value, people, in most cases, have recourse to private hoondees. These notes, therefore, I am of opinion, would most probably promote the sale of notes of greater value than have a larger currency.

No. 10.—Notes are very seldom used by shroffs and Native bankers for purposes of remittance. The hoondees almost exclusively supply their place.

Nos. 11 and 12.—Discount is invariably exacted on the cashing of notes, and they are not purchased at a discount by the bankers for the purpose of sending them to the head quarters of circles for encashment.

No. 13.—No.

No. 14.—Up to this time the silver reserve has never run low, notes having been scarcely presented at this treasury for cash. In case it would ever occur so, the application for reinforcing the reserve would be made to the Accountant General, North-Western Provinces, who will order remittance from the nearest treasury which shows a surplus.

Nos. 15 and 16.—Never has it happened that our indents for notes were not complied with. The timely attention paid for securing a sufficient stock of notes always enables this office to meet the demands for them.

Nos. 17 to 21.—Government gold mohurs, as well as other kinds of gold mohurs, never sell in the bazar at any fixed rate. The rate is always subject to fluctuation, according as the value of gold rises and falls. The rate is some times more or less by two annas than 15 rupees, and such is the case with English sovereigns. The Australian sovereign does not appear to be much in use here, and, I think, sells as the above. There is no difference in the value of the mohurs sold in the Mofussil bazars and Presidency towns.

Nos. 22. to 24.—Yes.

No. 25.—Gold Currency may very likely help the establishment of Paper Currency, giving the traders, bankers and others, every possible inducement to bring currency notes into an extensive use among them for purpose of circulation, while the gold being held as a reserve.

No. 26.—Yes.

No. 27.—The opinion of large shroffs and dealers is in favor of all the three kinds of currencies, *viz.*, gold, silver, and paper.

No. 28.—No.

No. 29.—No; silver is exclusively used as means of currency here.

No. 30.—The gold mohurs seen in the bazar, are of the following descriptions, *viz.*, Government gold mohurs, Delhi, Lucknow, Burtpore and Jeypore gold mohurs. Of these, the first and the last are in general use.

Nos. 31. and 32.—Yes; they pass for intrinsic value, as explained in a previous paragraph.

From the Collector of Muttra,—dated the 24th March 1866.

No. 1.—By the well informed Natives, but not much among the lower classes.

No. 2.—This is partly owing to the unsettled state of the rules for the receipt and issue of notes at the Government treasuries, which begets want of confidence. The rate of discount varies. It is never less than one rupee, no matter what the value of the note may be.

No. 3.—Under recent instructions, treasury officers are allowed to issue notes of the circle in which the treasury is situate, provided the amount cashed does not exceed the amount issued during the month; other circle notes are taken from travellers only.

No. 4.—Insufficient. If notes are not current under all circumstances, the Native community will not take advantage of them, as they may be left with a stock of notes on hand which they are unable to cash. They justly say, "If Government will not cash its own notes at its own treasuries, what are we to do?" If notes are to be issued by Government at all, their circulation must be unrestricted in their own circle at least, and all Government treasuries and branches of the Bank of Bengal should cash notes when offered. The registration of notes, as at present, by the treasury officer, and treasurer taking down the number of the note, date of issue or receipt, name of person to whom issued or from whom received, is a very useless and clumsy system. It is just one link in the chain while all the rest are wanting. It is to be presumed that private persons will keep the numbers of notes they pay away and receive, and, in my mind, it would be quite sufficient if a register of lost notes was kept at the treasury, which might be referred to when notes were presented for encashment. Natives do not understand the system of different circles, nor do I recommend its retention; if the Government desire to make, notes pass current, they should allow them to pass with no more restriction than the same number of rupees.

No. 5.—The number of circles should not be increased, but diminished, as an increase would have much the same effect as the creation of a number of petty banks, which refuse to cash each other's notes without certain formalities and restrictions. Offices of sub-issue would only complicate matters, and add much to the expense and intricacy of working the system.

No. 6.—An universal note for all India, to be as unrestricted as possible in its circulation, in my opinion, would be the one most calculated to inspire the Natives with confidence. The great object is, of course, to get the Natives to look upon notes as cash and use them as such; when this is attained, there would never be much danger of such a run on the Government treasuries in any place as would be likely to be in excess of the cash balance there.

No. 7.—Added to this, Government can always tell where money is likely to be sent by the medium of notes; at Delhi, Agra, Benares, &c., which are great commercial centres, commercial transactions take place, and payments are made from out-stations by hoondees, and if this payment were made in notes, there would, of course, be a greater run on the cash balance at the Government treasuries at such centres; this might be met by keeping larger cash balances at these places, or by restricting the number of notes in circulation, while still allowing that circulation to be as unimpeded as possible. My experience goes to show that, unless some rules are fixed, confidence will not be inspired in the Natives. During my observation of the working of the system, the restrictions placed on the circulation have been varying and rather capricious. At one time restrictions are imposed, and then on representation being

made, these restrictions are taken off. But there is no certainty one month what orders may not be issued in the following one. But the total amount of notes issued has considerably exceeded the amount cashed at the station. If the system of circles is continued, I would recommend treasury officers being supplied with a reasonable stock of notes of other circles, as they are frequently demanded, and, at the same time, notes of other circles should be more freely cashed than they are now. Even under the present system, so long as the Allahabad circle notes are freely cashed, the more influential bankers use notes to a considerable extent. I do not think that the fear of forgery need be any bar to the free circulation, as the Natives have not the appliances to execute counterfeit with sufficient skill to impose on people. Theft in the post office or in transit is the most fruitful source of loss of notes. The great point which all bankers and others insist on is, that duplicates of lost notes should be granted without delay to the losers, who would have to bind themselves over to pay up the additional amount of the lost note if necessary.

No. 8.—Five-rupee notes are, I think, even now unnecessary, as few people want to make remittances of so small an amount, and the introduction of a 5-rupee gold coin would supply the want of a more portable medium of circulation than 5 rupees.

Nos. 9 and 10.—As even now, the greatest circulation is among 50 and 100-rupee notes. I am not, however, prepared to state that, if the circulation of notes were perfectly unfettered, notes of smaller denominations than the above would not have a much increased circulation. Still I do not think that 5-rupee notes are required.

No. 11.—Yes.

No. 12.—No.

No. 13.—No.

No. 14.—This contingency has never arisen, nor with the present small supply of notes sould it arise; 30,000 rupees worth of notes is the largest amount ever cashed in a month, while the smallest available cash balance has been three lahks of rupees. There is no railway communication within 100 miles, and four days would elapse before we could expect a remittance from the nearest district treasury, *viz.*, Shajehanpore or Budaon.

No. 15.—No.

No. 17.—From Rs. 14-14 to Rs. 15-2.

No. 18.—From Rs. 10-2 to Rs. 10-6.

No. 19.—From Rs. 10-2 to Rs. 10-6.

No. 20.—More.

No. 21.—Because the supply in the Mofussil bazars is less than the demand which produces a scarcity, while in the Tresidency towns gold is to be had with much more ease.

No. 22.—Chiefly for hoarding and making into jewels.

No. 23.—Yes.

No. 24.—Yes, except a gold coin of Rs. 15.

No. 25.—The bankers of this place say it would not.

No. 26.—Yes.

No. 27.—Silver and gold.

No. 28.—To a considerable extent. The test of purity is the *kussowtee* or test stone.

No. 29.—No.

No. 30.—Lucknow, Delhi, Tezpore.

No. 31.—They pass for more than intrinsic value.

No. 32.—I am unable to answer this question.

From the Officiating Collector of Muttra,—dated the 24th March 1866.

After enquiries, I have the honor to submit the answers to the questions regarding the Paper Currency.

No. 1.—No, not at their full value.

No. 2.—1*st*, because they can only be cashed at the head circle, and to secure that in full value, the notes have to be sent there; 2*nd*, their destructibility. There is no regular rate of discount; it varies from 8 annas to 1 per cent. according to the current bazar rate.

No. 3.—According to the prescribed rules, no notes are cashed except for travellers; all other payments would be received in notes if ever offered.

No. 4.—I have no suggestions to offer.

No. 5.—No, not as long as the notes are only convertible at the head circle.

No. 6.—Nor would I increase the number of circles, with a separate note for each circle; the circulation limit would become too confined, and Native bankers could not send remittances to a distance, as notes of one circle would then only be convertible within their own circle, or become burdened with such discount as seriously to impair their value. I think the proposition of establishing offices of sub-issue at the chief local treasuries highly practical and calculated to establish reliance.

No. 7.—But I should prefer a separate note for each Presidency, to be convertible on demand not only at the Presidency towns, but also at chief local treasuries, which should be sufficiently numerous to assure Natives that their paper could at any time be realized without difficulty. These treasuries or sub-offices of issue should be situated at the principal station or most important trading town (with a treasury) of each division. The popularity of the Paper Currency depends, in my opinion, entirely on the facilities for cashing it, and until existing facilities are largely increased, the confidence of the Natives will not be ensured, and for this reason I recommend one office of sub-issue as a minimum for each sub-division, though fully aware of the financial difficulties.

No. 8.—Yes, certainly, they would obtain a large circulation amongst the lower classes, who have no use for so large a sum as Rs. 20; they would also supply a medium for remittances for small sums under Rs. 20, for which hoondees are now exclusively used.

No. 9.—Yes, because 5-rupee notes would be within the reach of the poorest and most numerous class; the higher the figure of the note goes, the fewer people there are who are rich enough to use it.

No. 10.—Hoondees are more general.

No. 11.—Yes, according to the bazar rates.

No. 12.—Not as a general rule, but some large and well informed firms have been known to do so to a considerable extent.

No. 13.—Not generally. The few that have confidence in the notes, however, take them when the rate of discount renders them cheaper than hoondees.

No. 14.—We have the telegraph, connecting Muttra through Agra, with all large stations, and a good metalled road, with no river to cross, from Agra, distant 32 miles; also Allygurh, with the Jumna to cross, good metalled road, distant 40 miles. We should apply to Agra and the Accountant General at Allahabad.

Nos. 15 and 16.—No.

No. 17.—At the average rate of Rs. 15.

Nos. 18 and 19.—English and Australian sovereigns are not common in this neighbourhood.

Nos. 20 and 21.—Gold coins generally are more expensive in the Mofussil than in the Presidency towns. The supply in the Presidency towns is comparatively large and sufficient to meet the demand, whatever it may be. Gold coinage is scarce in the Mofussil, and therefore, if required for the purpose of hoarding or making ornaments, the buyer has to pay more highly for it than he would where the supply is larger.

No. 22.—More for the purpose of hoarding than circulation.

No. 23.—Yes.

No. 24.—Yes, because they have a tangible, lasting, appreciative value, and are sure to command their intrinsic price, whether as coin or lump gold. Notes are only so far preferable that they are useful for remittances. Perhaps the values of the notes under Rs. 10 might be modified; for instance, in the place of a 15-rupee note (for which a 10-rupee note and

5-rupee note would do equally well) I would suggest, for consideration, the adoption of a small note of Rs. 2, as well as for Rs. 5, 10, and 20; possibly, even a more minute sub-division might be advisable on the principle that the lower the value the note bears, the more general would be the circulation, as it would thus be brought within the reach of all, even the poorest and most numerous class.

No. 25.—No.

No. 26.—Yes, inasmuch as it is more portable than silver, and outlying treasuries could be more easily supplied with the means for meeting any demand for cashing notes.

No. 27.—In favor of all three.

No. 28.—Very slightly, the purity is ensured by the tests of stone and fire.

No. 29.—They are used to a certain extent when there is any reason for the demand, but not a means of currency as compared to silver.

No. 30.—The Government gold mohur—

Kuldar (a Mahomedan coinage of large size, value nearly Rs. 20).
Delhi of several kinds.
Jeypore } of two sorts.
Moorshedabad }
Lucknow ditto.
Furruckabad.

Nos. 31 and 32.—They pass for their intrinsic value; the Kuldar and one of the Jeypore kinds are most sought after, because they are of the purest metal; they have no artificial value simply from the names of any State.

From the Deputy Commissioner of Myanung,—dated 17th March 1866.

I have the honor to acknowledge receipt of your printed Circular dated 16th February 1866, regarding the working of Act XIX of 1861, and to state that, as notes and sovereigns are not current in this district, I regret I am unable to afford you any information of the slightest value.

From the Officiating Collector of Mymensingh, to the Commissioner of Revenue for the Division of Dacca,—dated the 10th March 1866.

With reference to your memorandum, No. 709, dated the 24th February, giving cover to a copy of a Circular drawn up by the Commission for enquiring into the subject of the Government Paper Currency, I have the honor to submit the following answers to the questions propounded by the Commission.

No. 1.—Government currency notes are not, so far as my experience goes, readily received and paid away at their full value. They some times bear a premium, and some times a discount, according to the supply available compared with the demand.

No. 2.—Notes are looked upon as liable to be destroyed by fire, white-ants, and water, and they are easily lost or stolen. The discount on notes is an arbitrary rate, varying from 8 annas to Rs. 2 per cent.

No. 3.—At the Mymensingh Treasury, notes are readily cashed, as there is always an abundance of silver in the treasury, and the supply of notes is generally low. For the same reason, notes are not readily given for silver, except there appears a special reason for granting them

No. 4.—This is not, in my opinion, satisfactory or sufficient, as I think notes should be freely given when demanded. The only thing required is an increase of the notes held in the treasury. At present, there is only a single note of Rs. 100 in the treasury; notes to the amount of Rs. 4,400 are in transit, but even this sum is very inadequate.

No. 5.—I do not consider the present arrangement of circles, with a separate note for each circle, to be a good one, and I would not recommend it to be retained.

No. 6.—To increase the number of circles, with a separate note for each circle, would, in my opinion, be a step altogether in the wrong direction.

No. 7.—The only plan which I think likely to be successful is the establishment of one universal note for all India, which shall be convertible at every Government treasury in the country. I can easily understand that those with whom the responsibility of introducing the measure rests may shrink from adopting a plan which pledges the financial credit of the Government to what may seem an alarming extent. But I say with confidence that till this simple measure is adopted, the Government currency notes will never be cordially received, or extensively circulated. The establishment of separate notes, convertible only at certain treasuries, may have been pardonable as a tentative measure, when the currency notes were first introduced; but there can be no reason for the maintenance of any such restrictions now. The confidence of the Natives in the currency paper can never, I am persuaded, be secured while separate notes are retained, or any difficulty is found in freely converting them into silver. I have now before me a note of the Lahore circle, with the word "Lahore" on it in English characters, but nothing in any Native language to show the circle to which it belongs. If a Native unacquainted with English received such a note, and found, as he would find, great difficulty in cashing it in this part of the country, he will naturally look with suspicion upon every currency note. It will be found, I am persuaded, that what seems the boldest measure is not only the wisest, but the safest too,—it is the one measure which will give the Natives real confidence in the notes: and when this confidence is once secured, there need be no fear of a run upon the treasuries for silver.

No. 8.—I would certainly recommend the introduction of a note of 5 rupees. In America, notes of even as low a denomination as one dollar are found extremely useful; and if a Paper Currency in India is to supply the place of a metallic currency, it can only be effected by issuing notes of low denominations. A ryot or small shop-keeper seldom has to receive or pay so large a sum as Rs. 10 at a time; but a 5-rupee note would be within the means of a very large class.

No. 9.—I think it certain that a 5-rupee note would have a much larger currency than notes of higher values. It is the only note which could be used by the mass of the people as a substitute for carried money, and I believe it would be extensively so used.

No. 10.—Notes are not much used in this district by Native bankers for purposes of remittance, hoondees being preferred. Notes of high denominations are used by Europeans for remittance, and occasionally by Natives, but not commonly.

No. 11.—Yes, I believe discount is always exacted in this district.

No. 12.—The practice of buying up notes at a discount for the purpose of sending them to the head quarters of the circle for encashment is not known in this district. The supply of notes is too limited to render such a practice profitable.

No. 13.—No: the hoondee is preferred to the note. Hoondees are considered less liable to be lost or stolen while in transit by post; and great facilities are given by Native bankers for the recovery of hoondees should they be lost, or for the refund of their value.

No. 14.—The treasury in this district is a surplus one, large remittances of silver being made from here to other treasuries. The silver reserve is not likely to run low; but if it ever did, there are no ready facilities for reinforcing it. I should not think of applying to have silver sent me. The nearest treasuries are Dacca and Sylhet; but before I could refer to the Accountant General, and receive a remittance under his sanction, I should be sure to have the deficiency supplied by payments made in silver here.

No. 15.—I could supply the public with notes to a much greater extent than my usual stock of notes allows me to do. Only a few days ago I was compelled to refuse applications for notes to the amount of about Rs. 3,000, because I had no notes in the treasury; my last indent for notes was only partially complied with.

No. 16.—No reason was assigned on the last occasion for the full amount of notes asked for not being sent. I understand, however, that the late Collector here applied not long ago

for £1,000 to be sent him in sovereigns, as he thought they would be readily taken; but he was told that remittances could not be made to this treasury, as there was always a surplus here.

No. 17.—The Government gold mohur bears in this district an average value of Rs. 15-8.

No. 18.—The English sovereign may be taken as worth Rs. 10-2, but this can hardly be said to be the average value, as sovereigns are so little known. If a forced sale of sovereigns were made, it is impossible to say what average amount they would fetch.

No. 19.—The same remarks apply to the Australian sovereign. I have never seen one of these coins in the district.

No. 20.—I think they do.

No. 21.—The cause is to be found in the fact that variations in the price of gold affect the values of the coins more readily in the Presidency towns than in comparatively secluded Mofussil bazars. These variations have for many years tended to a decline, and not to a rise, in the price; hence the exchange value in the Presidency towns, being more easily affected, is lower than in the Mofussil.

No. 22.—The Natives are fond of gold for the purposes of hoarding and of making up ornaments. Gold circulation is practically unknown.

No. 23.—The Natives would take to a Gold Currency if the coins were made a legal tender, but it would be useless to attempt to introduce coins of which the value should vary with the price of bullion. The mass of people might at first look with some suspicion on such a novelty as a gold coinage, but they would very soon feel and appreciate its advantages.

No. 24.—I certainly think the coins would be received more readily than the notes for some time at least to come.

No. 25.—In my opinion, a Gold Currency would materially help the establishment of a Paper Currency.

No. 26.—A Gold Currency would be of great use in ensuring the convertibility of notes, as it would enable remittances of coin to be made with far greater ease.

No. 27.—They would, I believe, prefer a currency of paper, gold, and silver—each of the three being made a legal tender.

No. 28.—Bar and leaf gold is getting more into favor than gold coins, owing to the numerous frauds committed in the manufacture of Native gold coins. The purity is tested by the touch-stone, but the quantity of bar gold circulating in this district is very insignificant.

No. 29.—Native gold mohurs are not used as a means of currency here. They are either hoarded or are sold to be melted down for manufactures, or to be worn as ornaments.

No. 30.—There are several kinds of Moorshedabad sicca mohurs of the weight of 17 annas, value Rs. 18, 19, 20 or 21. These are frequently forgeries. There are three or four sorts of Jeypore mohurs, weighing 15 annas, and of a value of Rs. 15, 16 or 16-8. These also are very often fabricated. There is also an Akbaree gold mohur, value Rs. 7: a small and thin coin scarce in this district.

No. 31.—The above coins do not pass for intrinsic value.

No. 32.—They bear an artificial value according to their respective denominations.

MEMORANDUM No. 792.

Copy forwarded to the Secretary to the Commission for enquiry on the subject of Government Paper Currency, with reference to Circular of the 16th February last.

From the Deputy Commissioner of the Western Dooars,—dated Mynagoree, the 23rd February 1866.

Your Circular of the 16th current has been forwarded to me by the officer in charge of the treasury here, with the request that I would answer the questions therein contained. I have, therefore, the honor to answer as follows.

No. 1.—Yes, but not at the full value of the notes.

No. 2.—I do not think that the non-receipt at full value is caused by any depreciation of the notes, but that a charge is made by the holders of notes for the accommodation granted, in the same way as a pice is charged for accommodating a person with copper for a silver rupee, or for giving a silver rupee for its copper equivalent. I have no statistics from which to ascertain the average charge for giving a note in exchange for silver, or *vice versâ*. In mercantile transactions in goods the note is received at its full value, and is generally, so far as I have seen, preferred to silver by large merchants. In case of small dealers, a want of sufficient intelligence to understand the use and security of a note is the chief obstacle in the way of the extension of Paper Currency.

No. 3.—The facilities consist in the officer here exchanging, without charge, either notes for silver or silver for notes, at all times, except when the cash balance is low, and it is not considered expedient to part with silver.

No. 4.—The facilities are not sufficient, because the supply of notes has, ever since I have been in charge of the district, been far below the demand.

No. 5.—The present arrangement of circles is not, I think, calculated to promote the reception of a Paper Currency, and I would abolish it at once.

No. 6.—I would not increase the number of circles; I would have one note current everywhere, as the Bank of England note is current anywhere in Great Britain. I would have offices of sub-issue at *each* local treasury, in correspondence with the Accountant General of the Presidency, and would have every note convertible on demand at *any* sub-issue office, but with a right of refusal to change reserved to the head of such office, who would naturally be the district collector. Smallness of cash balance should be the only grounds on which the officer should be allowed to decline to convert.

No. 7.—Has been answered by anticipation, as above. With advertence to the *N. B.*, I remark that the reasons why I should prefer one universal note for all India are,—*first*, our empire is one, and our money and money equivalents should therefore be one. *Second*, the great increase in travelling facilities in India render it expedient that persons should be able to carry their money in the compendious form of notes from one place to a distant place, without experiencing the trouble which is now felt in consequence of the present arrangement of circles of issue. *Third*, the imperial book-keeping department would necessarily be simplified by the introduction of a single universal note. *Fourth*, the doubt which I have found exists in the Native mind as to the places in which a note might be sent, and prove as good as money, would be removed; confidence in the currency would be therefore increased; and I think that a good political result would follow when the Native came to understand that one and the same note bearing the Queen's image and superscription was accepted and exchanged for cash in all parts of India.

No. 8.—Yes, as a temporary measure. Until a great development of the banking and money order systems shall take place, a Paper Currency must continue to be, in some degree, used as a medium for remitting money from one place to another. A 5-rupee note, exchangeable for full nominal value on demand, at any place in India where there is a treasury, would be a boon to many people of small means, whose calling leads them to a distance from their families. I do not think that any note of so low a value is required in mercantile transactions; and if it be considered proper to discourage the use of the Paper Currency as a medium of remitting of credits, then I think a 5-rupee note should be withheld.

No. 9.—I do not think that a 5-rupee note would have a larger currency than notes of greater value. Notes, according to my experience, are wanted more when sums of tolerably large amount are being handled than in smaller transactions.

No. 10.—I have no means of ascertaining this point.

No. 11.—Yes, unless, as is some times the case, notes are, in consequence of scarceness, at a premium.

No. 12.—I have no means of knowing.

No. 13.—I think the hoondee is preferred on account of the smaller risk of loss by theft incurred in remitting by post. The country-people, moreover, understand hoondees better than they do notes.

No. 14.—I would apply to the Accountant General of Bengal, who would order the nearest treasury from which a supply could be obtained, to send me a supply. The supply of cash generally comes from Rungpore, between which and Mynagoree there is a good road. The distance is one of four days in the dry weather, and of eight in the rains.

No. 15.—Yes, repeatedly.

No. 16.—I do not remember that any reasons for non-compliance with indents were ever assigned. The indent submitted is (generally after considerable delay) partially complied with, and the matter drops. Notes, I think, should either not be given at all, or else supplied according to the demand. To supply notes for a time to a neighbourhood, and then suddenly to refuse them, tends to prevent the Natives from gaining confidence in the Paper Currency.

Nos. 17, 18, 19, 20, and 21.—Gold mohurs and sovereigns, whether English or Australian are unknown in my neighbourhood.

No. 22.—Gold is scarcely known in this district.

No. 23.—The rich merchants in cities would; but I think that the great mass of the people are indifferent to the question, and are not likely to be much influenced by the presence or the absence of a Gold Currency in the country.

No. 24.—I think not, because, while notes are as convenient as gold on the spot, they admit more easily of being remitted by post or otherwise.

No. 25.—Yes, in cities and large towns.

No. 26.—Yes, to some; but I do not think to any great extent, except in large centres of trade.

No. 27.—There are no shroffs or dealers in this neighbourhood whom I can consult on this point.

Nos. 28 to 32.—Gold, whether in bar or in coin, does not circulate in this district.

From the Treasury Officer, Mynpooree,—dated the 2nd March 1866.

In answer to your Circular dated February 16th, containing questions on the operation of Act XIX of 1861, I have the honor to forward the subjoined answers drawn from my own experience, supplemented by all the information I have been able to obtain from the large bankers, treasurers, and middle class people of this district, with regard to which I should wish to remark that it is by no means a large or rich district, but is greatly influenced in money matters by the fluctuations in the large towns of Furruckabad, Cawnpore, and Agra.

No. 1.—Currency notes are very rarely, if ever, used by the Native community in private monetary transactions. They are never received or paid at their full value.

No. 2.—The reasons for this are the unwillingness of those with whom they deal to accept notes, of whose transferable value they are doubtful, and of whose liability to be lost, without a certain means of supplying their place, and unfitness for hoarding, they are certain. The average rate of discount is in this bazar from two to three per cent.

No. 3.—Any one can obtain any number of notes at par by paying in silver. The contrary is not the case. Notes are only received in payment of "Government demands,"—a term which in this treasury has till lately borne the strict sense of revenue demand only, but has lately been extended to payment for stamped papers, stamps, &c. Persons representing themselves as *bonâ fide* travellers are at liberty to change notes even of other circles at the Government treasury: I say "represent themselves," for it is extremely difficult and a most invidious duty for the treasury officer to decide who is a *bonâ fide* traveller, this term being frequently made a mere pretence for changing notes. Even in this instance we have the power of refusing if overstocked with notes.

No. 4.—These facilities are far too limited. I would make the exchange of currency notes entirely open and unrestricted. This would give every person a confidence in the convertible value of the paper, which the apparent refusal of the Government to receive its own paper largely decreases and obstructs. This does not only apply to the poorer but the middle and intelligent classes, who simply do not "believe" in notes, and do not find them a quarter as useful as silver. I would, of course, have the same care exercised in the receipts and payments of notes as at present; and at the same time it might be in the power of the treasury officer to refuse change for satisfactory reasons. A limit also might be fixed as to what amount notes should be changed. These restrictions would be practically of no inconvenience.

Nos. 5, 6, and 7.—I would have one circle for *all* India, and notes convertible under the restrictions above suggested *everywhere*, for the following reasons:—I consider circles as at present constituted, with convertibility only possible at certain chief treasuries, highly calculated to obstruct the growth of confidence in a Paper Currency, whilst, at the same time, it holds out large inducement to Native bankers and others to buy up notes on which they can force discount, for transmission to the central treasuries for change at par. This is well worth their while, even with the risk of loss which holds so prominent a place in their views of these notes. I think the restriction of convertibility to few treasuries exaggerates the bad effects of circles. The Natives still look upon notes as hoondees supplied by Government, and till they find that *all* notes are cashed *everywhere*, they cannot come to look upon them as a currency, and as available for transactions amongst themselves. The check upon transmission of large amounts in notes, for the purpose referred to in question 12, is very weak compared to that which would exist in its not being *worth* the banker's while to buy up at so small a discount as they would soon be sold at, if circles and restrictions were done away with, added to the risk of loss.

No. 8.—Not yet. It would merely under the present *regime* simplify the banker's opportunities of practices above referred to, in fact extend the sphere of their discounting operations, as the 5-rupee notes might come into poorer hands than the 10-rupee notes. Besides, those who chiefly have occasion to make payments of Rs. 5, have not yet arrived at a perfect confidence in the notes as a currency. Thousands cannot read, and not only do not believe in paper money, but do not even know what it is worth even if current. With a firmly established Gold Currency, the 5-rupee notes might answer; but in my opinion, a 10-rupee note is calculated to meet all the requirements of Paper Currency amongst this people.

No. 9.—No, I do not think it would. I think many years must elapse before a Native looks upon a Paper Currency as exactly as useful for daily transactions as silver or gold, whilst for remittances, Rs. 10 is the smallest I have ever noticed sent from place to place by Natives.

No. 10.—Not much; they prefer their own hoondees as safer. In fact, as they all say they can get duplicates and triplicates in case of loss. Instances have occurred where notes have been lost, and their value recovered with great difficulty. Notes are used where their transit is safe, and their convertibility at par secure, but rarely otherwise.

No. 11.—In all cases, varying in amount according to the quantity of notes in the market.

No. 12.—Yes, and I believe this is almost the only case in which notes are used for purposes of remittance. This practice has also crept into the Government treasuries. It has been impossible to check the practice altogether, as many persons bring their notes straight to the treasurer and get them changed.

No. 13.—No, the hoondees are far more preferred than notes for remittances. It is noticeable, with regard to the question of preference of means of remittance, that hoondees carry a much less discount than notes, almost as little as half the discount charged on notes, the reasons, of course, being those detailed in my answer to question 10.

No. 14.—This never occurred in this treasury. Were it ever to do so, we could obtain money from the Allahabad Treasury, which would be sent by rail to within 36 miles of this place, and thence by bullock cart to Mynpooree. But this is a purely imaginary case; as a fact, few notes are called for from the treasurer except by Europeans, chiefly the civil officers, and our

cash balances increase so that we are repeatedly sending off remittances of a lakh or two lakhs of rupees worth, whilst our yearly indent for small silver is sent up blank, and our treasury is clogged with copper.

No. 15.—Never. Our indents have invariably been immediately complied with. The only occasion we ever have run short of notes is when an unexpected demand has occurred, for the higher values of which we naturally do not keep a large stock on hand. The only objections that have ever been raised to our indents for notes are when we have indented for small sums which, in the case of the notes of the higher value, entail a police escort, and in the case of notes of small value could, by a recent order, be furnished on weekly indent by post.

No. 17.—The Government gold mohur is usually bought in our bazar at Rs. 14-14, and sold at Rs. 15-2, their average being the supposed value, Rs. 15. There are plenty of them in the bazar, and they are liked by the people, as being of an uniform value and easily paid away, as well as being of intrinsic value, though, in this matter, they do not rank so high as the Native gold mohurs, which are considered to consist of pure gold.

No. 18.—The English sovereign, called by the old name "guinea," is current in this bazar at Rs. 10, and is much liked for the purity of the gold, and, I believe, for its convenient value.

No. 19.—Not known, I believe; at least I can obtain no traces of its use.

Nos. 20 and 21.—A higher value at present, because few in number, and much sought after for the gold, whilst in the Presidency towns they are comparatively common and used in daily transaction.

No. 22.—For hoarding, yes; not so much for circulation; the purer the gold the more it is sought after for hoarding, *e. g.*, the Jeypore mohur: if less pure, the people are more willing to circulate it.

No. 23.—Undoubtedly. In conversation with bankers upon this subject, I have endeavoured to elicit their views on the general question, and not solely on their own interest; and even in this view they agree with me that a Gold Currency would be more readily received. Its intrinsic value would give it a stability that in India, I think, can never be guaranteed in a Paper Currency, whilst its uniform convertible value as current all over India would make it present itself as useful in daily transactions. It would at once be received with confidence by the poorer classes in the villages who even now gladly receive Native mohurs, and if permeating the bazars in sufficient numbers would, to a great extent, take the place of a Silver Currency: if the issue of gold were limited, it would be liable to the same influences as gold mohurs are at present.

No. 24.—Yes, at present, for the various reasons detailed in answers above.

No. 25.—I think a Gold Currency would afford more confidence in the establishment of a Paper Currency. But the question of the people becoming accustomed to it is only one of time. Even under the present *regime*, it is only a question of time, though a long time, and unrestricted Paper Currency would more rapidly obtain a footing; but as far as I can gather, a Gold Currency ought, undoubtedly, to *precede* a Paper Currency, and form a basis for its establishment.

No. 26.—Not under the present restrictions, of course; but I believe gold would as readily be received for notes as silver.

No. 27.—As far as I can gather, they consider that the three currencies might be advantageous; but, without doubt, the gold to come before the paper. It can hardly be said that silver is the only actual currency existing, though the only legal one, gold mohurs being universally in use in the bazars, and forming an actual, though limited, currency.

No. 28.—Bar gold does not circulate.

No. 29.—The limited number of mohurs prevents their being much used; but where obtainable, they are readily accepted, and even anxiously sought after. The Natives do not

accept so readily the Government gold mohurs, as apparently not so pure; but in cities they are readily received, and much liked by the bankers for their uniform value. Amongst the village folks, gold mohurs are not used so much as a currency, as ornaments, or for hoarding, still they are actually current.

		Selling value.	
		Rs.	A.
No. 30.—Jeypore	... ...	16	4
Lucknow	... ...	15	8
Delhi	... ...	16	0
Moorshedabad	... ...	20	0

Nos. 31 and 32.—For their intrinsic value alone, which rises and not falls here, as influenced by quotations in larger cities.

In conclusion, I would observe that the above answers express my opinion solely as regards the comparative advantages of the two currencies with reference to the Natives; for the currency notes, as they at present stand, are, and would be still more, if the restrictions are removed, a great advantage to Europeans.

I have only to add my apologies for the delay which has occurred in the despatch of this letter, due to the visit, on inspection, of the Accountant General, North-Western Provinces, the extra work in despatching accounts at the close of the month, and holee festival.

From the Collector of Mynpooree,—dated the 31st March 1866.

I have the honor to forward herewith the replies furnished by the treasury officer to the queries put by the Currency Commission.

I have nothing to add to the replies on point of fact, regarding which the information given by Mr. Wright is all that is required; but there are two matters of opinion on which I think it desirable to give the best judgment that I am able to form, *viz.*, *first*, the convertibility of notes (questions 5, 6, 7), and *second*, the question of one, two, or three currencies (questions 23-27).

As regards the first, I think that the present system of large circles, with notes only convertible at the head office of issue, is not suited to this country. As the notes can only be exchanged for silver at one place, they have fallen below par at every other place in the circle. This fall will never be less than is sufficient to cover the trouble, risk, and expense of sending the notes to the head office to be cashed. Exchange and other causes will very often make the loss much more. The result is, that a note for Rs. 100, under the present system, does not represent more than Rs. 97, or Rs. 98, at a place like Mynpooree, which is more than 200 miles from the central office. It stands to reason, therefore, that no one will take it at its full value; for the fact of its being a legal tender does not in practice diminish the difficulty which a Native holder has in getting rid of it. If the notes were in general demand among the Native population, this difficulty would, of course, be obviated, as the necessity for sending them to the place of issue would disappear; but, as far as I can judge, the day when paper will be considered equal to a metal currency by the bulk of the Native population is still a good way off. The agriculturists and the small tradesmen and artizans of towns (of whom the mass of the people consist) prefer silver, as being a sure, tangible, and indestructible form of money, and one sufficiently portable for their purposes. Paper, in their eyes, is inferior in all these qualities; even the commercial classes are slow to avail themselves of it. They share their countrymen's liking for silver as a reserve, and they prefer their own bills of exchange to Government notes for remittance. Indeed, no one can have used currency notes for this purpose without being struck by their inconvenience and insecurity.

All classes have yet to learn the inconveniences and advantages of a Paper Currency.

In this view, I think it is desirable that Government notes should be made convertible at all the chief local treasuries throughout the country. This would increase the number of places at which notes can circulate at par, and would lower the rate of discount, if it did not

extinguish it, at all outlying places. I do not see any reason to suppose that it would add to the present difficulty of keeping notes in circulation, or that they would be returned into the local treasuries faster than I believe they now flow back to the head offices. On the contrary, the circulation would be increased, as it is natural to suppose that applicants would draw notes out more readily, and holders would keep them longer when they know that they could at pleasure exchange them at a near treasury for cash than when (as now) this is a process of some delay and trouble.

I think that the circles of issue should be extended as far as the difficulty of providing cash reserves and other obstacles will admit. The wider the limits within which a note circulates, the greater, of course, is the convenience which it affords and the confidence which is felt in it.

With reference to the second point mentioned in paragraph 2, I think the paper, as above proposed, should be supplemented by the present Silver Currency and by sovereigns or gold coins of Rs. 5, 10, and 15 value, which should not be made a legal tender, but which should be coined and allowed to circulate for their intrinsic value. There can be no doubt that Natives like a gold coinage. It possesses the same recommendations as silver in a still higher degree. Gold mohurs are even now extensively current, although they are of a great many different mints and of very varying and uncertain value. If they were coined by Government of an uniform purity, I believe their circulation would greatly increase, and that they would assist the extension of the Paper Currency. I propose that they should circulate at their intrinsic and not at a fixed value, because I do not know how the two standards could be maintained together, except by adopting the English plan of slightly depreciating the Silver Currency,—a step which, in this country, it is hardly necessary to say, would be fraught with the greatest mischief.

From the Collector of Nellore,—dated the 12th May 1866.

I have the honor to enclose the replies of the Deputy Collector in charge of the treasury, to the questions put in your Circular of the 16th February last, addressed to that officer, and forwarded by him to me on the 5th instant.

In sending on these replies, I would observe that I do not agree in the view he has taken in replying to the 6th and 7th questions. I would have one note for all India convertible at the Presidency towns, and so far as funds went, at the district treasuries, the cash balances in such treasuries, and regulations as to cashing, being duly made known to the public in the local *Gazettes*, &c.

Neither would I propose a 5-rupee note if a gold coinage were to be introduced.

And as regards the assistance of a Gold Currency (questions 25 and 26), there can, I think, be little doubt that gold would have the effect here that it has elsewhere.

No. 1.—Yes.

No. 3.—The exchange of currency notes for silver is limited in this district, notes not being allowed for purposes of remittance. Silver for notes is likewise limited, the exchange being confined to *bonâ fide* travellers, and in some cases to the residents of the station for notes of small value.

No. 4.—The facilities are not sufficient; the exchange of currency notes for silver should be allowed freely, as well as silver for notes.

Nos. 5 and 6.—I would retain the present number of circles, with a separate note for each circle, and suggest that another circle be created in Bellary, and that an office of sub-issue be opened at each of the chief local *treasuries* within each circle.

No. 7.—*Vide* reply No. 6.

No. 8.—A 5-rupee note would be of much advantage in private transactions, and so I would suggest having one of this denomination.

No. 9.—Yes, I am.

Nos. 10 and 11.—They are not allowed to have notes for remittance purposes.

No. 12.—Not in this district.

No. 13.—No notes are available for purposes of remittance, and when the sums to be remitted are large, shroffs prefer hoondees to notes, as the money is more easily realized if the hoondee is lost in transit.

No 14.—It is not likely that the silver reserve will run very low in this district by a large number of currency notes being presented for cash, allowing even greater facilities for their exchange than at present existing.

Nos. 15 and 16.—Last December there was a demand for notes by the public, but in consequence of the refusal of the Accountant General to comply with the indent for notes of the value of Rs. 1,000 and 500, this treasury was unable to meet the demand. The Accountant General refused to comply with the indent on the ground that such notes are not to be issued for the purpose of remittance.

No. 17.—The average value of a gold mohur is Rs. 15.

No. 18.—The average value of the English sovereign is Rs. 10-4.

No. 19.—The average value of the Australian sovereign is Rs. 10-1.

Nos. 20 and 21.—Yes, because they are imported from Presidency towns to the Mofussil stations, and cannot otherwise be obtained.

No. 22.—The people generally of this district are fond of gold for the purposes of hoarding.

No. 23.—The Natives certainly like a Gold Currency.

No. 24.—Gold coins of Rs. 15, 10, and 5 would be preferred by Natives than notes of similar value.

No. 25.—I do not think that a Gold Currency, either with or without a Silver Currency, would be as beneficial to the Paper Currency as Silver Currency is by itself.

No. 26.—*Vide* reply No. 25.

No. 27.—Our shroffs and bankers do not so much appreciate the currency question as to give an opinion.

No. 28.—None.

Nos. 29, 30, 31 and 32.—Native gold mohurs are seldom used as a means of currency in the district.

From the Deputy Commissioner of Nowgong,—dated—April 1866.

Absence from the station on other duties has delayed my reply to your Circular letter of the 17th February, on the subject of Government Paper Currency, &c.

I have made all necessary enquiries from tea planters, landholders, fiscal officers, and traders of all denominations within my jurisdiction, and the information I have received enables me to reply as follows.

No. 1.—Government notes are not received and paid away at their full value amongst the Native community. Planters and traders receive their remittances from Calcutta and other places in notes, and at once deliver and cash them at the treasury here. Traders will generally receive payments of bills in notes, but a note sent to be changed is always discounted.

No. 2.—The slightest doubt, or rumour of a doubt, as to the convertibility of notes into cash is sufficient to prejudice the Native community against using notes. Such a reason for doubt is to be found in the Revenue Board's orders restricting the encashment of Government

notes at this and other Mofussil treasuries to notes for small amounts, and another is the system of circles. If the people were satisfied that instant payment would be made, without restriction, at the local treasuries, all such depreciating doubt would cease. The discount varies from 2 to 4 per cent.

No. 3.—On assuming charge of this district two months ago, I found that my predecessors had received and cashed notes up to Rs. 1,000. I have procured the return of receipts and issues for the last year, and they are as follows:—

RECEIPTS.

From whom received.	Value.						Total Value.
	Rs. 1,000	Rs. 500	Rs. 100	Rs. 50	Rs. 20	Rs. 10	Rs.
Tea Planters	15,000	5,500	7,500	3,900	220	70	32,190
Other persons	40,000	19,500	37,300	7,350	2,980	1,480	1,08,610
TOTAL ...	55,000	25,000	44,800	11,250	3,200	1,550	1,40,800

ISSUES.

Issues.	Value.						Total Value.
	Rs. 1,000	Rs. 500	Rs. 100	Rs. 50	Rs. 20	Rs. 10	Rs.
Forwarded to the Bank of Bengal ...	46,000	15,500	6,400	5,200	400	170	73,670
To the Tea Planters	2,000	1,000	3,100	900	300	100	7,400
To other persons	3,000	7,000	28,500	7,650	2,520	1,760	50,430
TOTAL ...	51,000	23,500	38,000	13,350	3,220	2,030	1,31,500

Thus showing a total of notes received during the year of Rs. 1,40,800, and issued Rs. 1,31,500—altogether a tolerably satisfactory result, as showing from the number of notes for small amounts that, in spite of discount, the Government note is growing in popular favor, and that there is a large number of such notes in circulation.

No. 4.—No, I do not think the facilities sufficient in all treasuries where the Board of Revenue's orders restricting the receipt of notes, except for small amounts, are strictly adhered to; there should be no restrictions for sums up to Rs. 1,000.

No. 5.—Certainly not, the system of circles is another cause of doubt and depreciatory of the value of the Government notes.

No. 6.—Notes should be cashed at all local treasuries.

No. 7.—I think there should be an universal note for all India, payable at all treasuries. I should not apprehend in such a case, except under rare and exceptional circumstances, a run upon local treasuries. Remove all popular doubt as to restrictions and circles, and let the people know that a Government note is cashed anywhere, and, instead of being presented at treasuries as they are now for silver, they would be retained in circulation. The Government of India note will be as sure eventually to win its way to popular confidence as the note of the Bank of England has done.

No. 8.—Yes, certainly, it will be observed from the above figures that notes for small amounts are already in comparatively extensive circulation, and a note of Rs. 5 would be doubtless in great demand.

No. 9.—Yes.

No. 10.—Yes, by shroffs.

No. 11.—Yes, they would get blood out of a stone.

No. 12.—Yes, they drive a brisk trade in this way.

No. 13.—Hoondees are safer for purposes of remittance. The administration of the post office is so inefficient that the people are afraid of entrusting even their half notes to it. Should one of the halves be lost, there is very great delay and difficulty in getting another note or refund.

No. 14.—There is no risk of the silver in this treasury running low, as we annually remit to other treasuries to the amount of two or three or more lakhs of rupees. Silver can be brought by steamer from Tezpore or Gowhatty; from the first, in a few hours; from the second, in two or three days; from Calcutta, in eight or ten days.

Nos. 15 and 16.—Yes, in October 1864, a demand was made for notes for small sums.

Nos. 17, 18, and 19.—We have none.

Nos. 20 and 21.—I cannot say.

No. 22.—A Gold Currency would be exceedingly popular. There was a very considerable Gold Currency in the times of the Assamese Kings. The people always hoarded their gold as a resource in times of need.

No. 23.—Yes, certainly.

No. 24.—Gold coins of the value of Rs. 15, 10, and 5 would certainly be in great request, but whether they would eventually find more favor in the eyes of the people is open to doubt.

No. 25.—Yes, I think so, and the traders think so too.

No. 26.—Possibly.

No. 27.—Without a dissenting voice in this district, planters, traders, &c., are all desirous of a Silver, Gold and Note Currency.

No. 28.—No, not to any great extent. The purity of gold here is tested by fire.

No. 29.—It can scarcely be called a currency. There is scarcely a family in this district that has not its hoard of gold coins, but they are never parted with except in occasions of dire distress or marriages.

No. 30.—The gold mohurs so hoarded are mohurs of the Assam Rajas, Furruckabad, Delhi, and Agra.

Nos. 31 and 32.—Yes, for their intrinsic value. Some of these mohurs are superstitiously regarded as curing the sick, &c.

From the Deputy Collector in charge of the Treasury, Nuddea,—dated the 20th March 1866.

With reference to your Circular of the 16th ultimo, I beg to forward the subjoined replies asked for.

No. 1.—Yes; but they some times prefer cash, as notes cannot always be exchanged without a discount.

No. 2.—The average rate of discount is about half an anna on a note of Rs. 10, one anna on a note of Rs. 20, two annas on a note of Rs. 50, four annas on a note of Rs. 100, eight to twelve annas on a note of Rs. 500, and one to two rupees on a note of Rs. 1,000.

No. 3.—Since the last three years, this exchange is allowed to be effected at the treasury. We readily take silver for notes, but we cannot always as readily give silver for notes: there being two reasons for this. This being one of the principal indigo districts, most of the planters and others get a large number of notes from Calcutta; and the second is, that we are some times forced, against our will, to send large sums in silver to Calcutta, owing to the orders of the Accountant General. The Collector's orders with regard to the remittance of silver should be supreme, otherwise we would always, as now, fail to meet the large demand of the exchange of notes for silver. During the first fortnight of this month, *i. e.*, the great season of indigo sowings, when the planters received large remittances in notes from Calcutta houses, I was obliged to prevent a great number of the notes being exchanged, as our balance in silver could ill afford it.

No. 4.—With regard to the facilities, I would propose that the Accountant General should be confined to his proper sphere of checking and adjusting the accounts, &c., not interfering with the orders of remittances to and fro. The Collectors should be allowed to exercise their own discretion, subject to the general control of the Commissioner and the Board of Revenue, as they ought to know the requirements of the districts better than the Accountant General, whose proper sphere is the supervision of accounts. This treasury should have occasional remittances of silver in lieu of the very large sums that are remitted in notes.

No. 5.—No; that is the worst thing to confound the Natives. I do not know who the author of these circles is; but that it is a very queer idea, is remarked by all Natives. In these days of railways, when Allahabad is only a few hours' journey from Calcutta, and when within a short time the remotest corners of the empire will be practically as near to Calcutta as its suburban towns, it is monstrous to retain these *separate* circles. There is not the least utility in having these separate circles.

No. 6.—After the above, I would by no means propose any increase in the number of circles. I would have an imperial note exchangeable, *i. e.*, convertible anywhere and everywhere. I do not care how many offices of sub-issue are established; probably one in each Presidency and under each Administration would well answer the purpose. Allahabad and Punjab, though forming parts of the Bengal Presidency, should, of course, have separate offices of sub-issue, all deriving their supplies from one central office in Calcutta.

No. 7.—In addition to what has already been adduced in the preceding, I have to say that I would not restrict the exchange to some treasuries, but would give the notes an universal circulation well befitting their names.

No. 8.—Certainly; with regard to the grounds I ask, on what grounds are they to be withheld? Some Englishmen, with their notions of the comparatively rich countries of England, Scotland, &c., may say what they like, and point out their experience in Scotland, but it is an incontrovertible fact that the lesser the value of the notes, the greater is the circulation; and in a country where by far the greater part of the people are poor, and most of whom would pass rich with forty pounds a year, it will be a boon to grant a 5-rupee note. It will then also facilitate much the transactions of Government treasuries. Most of the people do not take notes of large value in satisfaction of Government habilities and other payments, but they easily now take notes of 10 and 20 rupees. I can guarantee that there would at least be a demand of the 5-rupee notes ten times more than that of the 20 or 10-rupee notes.

No. 9.—Assuredly, I anticipated this question in the preceding reply.

No. 10.—Yes, considerably; hoondees are getting into disuse, and will, in a few years, be things that were.

No. 11.—Almost invariably; but I do not think there is anything extraordinary in that; they not only charge a few pice when they take notes for silver, but they also do the same when they give notes for silver. They live by this, and they save a good deal of trouble to the people being almost within an arrow-shot of their house. The most effectual way to check

the exactions of bankers would be to give greater facilities at the treasuries to parties wishing silver or notes; as it is, their exactions have considerably been curbed during the last three years.

No. 12.—No; I have never heard of this practice.

No. 13—Yes; generally speaking, they do; but some of the bankers of the Upper Provinces prefer hoondees, the *merooahs* (a contemptuous term for the lesser civilised people of the North-West) for instance.

No. 14.—This is the most practicable question as regards this treasury. I am afraid it will remain so in paper only, consigned probably in some dusty shelf. This, in fact, is the only question that I care to reply, as our only difficulty is to get silver in abundance. Of notes we have no fear; our planters and zemindars supply us notes in much greater abundance than we have ever need of. I would wish very much to see the Commission moving Government to pass an order at once on the Bank of Bengal, or on the Alipore Treasury, to honor the Collector's requisitions for silver. All that they have to do is to send the money boxes to the care of the railway station master at Buggoolah; we will do the rest to bring the money to this treasury.

No. 15.—Not at all. After satisfying the public demand, we must have remitted to the Bank of Bengal or other districts about 20 lakhs of rupees worth of notes, if not more, during the last three years.

No. 16.—Requires no reply.

No. 17.—About Rs. 15; but it fluctuates.

No. 18.—Generally two or three, and some times four annas more than ten rupees.

No. 19.—Generally two or three, but some times half an anna less.

No. 20.—Yes.

No. 21. As the bankers generally bring them from Calcutta into the interior to sell them at an advantage, the Natives being very fond of ornaments, do not care to pay them a few pice more than what they are sold for in Calcutta.

No. 22.—I do not understand this question very clearly; the one part contradicts the other. If they are fond of hoarding, how can they be fond of circulation? If some reply is required, I would say that Natives are fond of gold for hoarding and making ornaments of it.

No. 23.—Most decidedly. It was one of the few mistakes of the late Secretary of State in vetoing Gold Currency. During the few days that it was tried, great many pressed me for sovereigns.

No. 24.—I cannot say which will find more; but I have no doubt that both the notes and the gold coins mentioned will find favor (a very marked one too) in the eyes of *all* the Natives.

No. 25.—I have no doubt it will.

No. 26.—Most certainly. These seem to be two good ideas—notes of 5 rupees and gold coins of 5 rupees, &c., only it is to be wished that they will see the light of the day. If once that is the case, the inconvertibility of notes will be a thing of the past.

No. 27.—Silver, gold, and paper by all means.

No. 28.—Yes; its purity is tested by the touch-stone.

No. 29.—Not at all, as there are no standard coins.

No. 30.—Akbary, Sultany, Badshahye, Jeypore, Chariari, and a host of others.

No. 31.—Yes.

No. 32.—Always the intrinsic value now.

From the Assistant Commissioner in charge of the Treasury, Oomrawuttee,—dated the 5th March 1866.

In reply to your letter of the 10th February 1866, I have the honor to enclose my answers to the questions therein contained, and which I have given to the best of my ability.

No. 1.—There are no Government currency notes in circulation in this district,—the few that do find their way here are sold at a discount to the sowcars, or to the bank, and sent by them to Bombay.

No. 2.—The reason for their depreciation appears to be that they are not used in private monetary transactions in this district,—the Natives having no confidence in the notes, as they cannot get them cashed at the Government treasury. The Bank of Bombay and the sowcars will cash the Government currency notes, but they deduct discount at from ¼ to 2 per cent., according to the current rate of exchange, and sufficient in addition to pay for postage, as the notes are of no use here, and they are, therefore, sent to Bombay. The average rate at which they are discounted is about 1 per cent.

No. 3.—There are no facilities at this treasury. Government currency notes have never been supplied to it; neither can it cash Government notes on presentation.

No. 4.—The means I would suggest are to make the Berars a circle of currency, and empower the chief local treasuries to cash all notes of the circle at par on demand. The Natives would then feel confidence in the notes, and I believe, that for six or seven months in the year, during the great cotton transactions, that notes would be considerably used, but principally by the shroffs and traders. This appears to be the general opinion of those Natives with whom I have spoken on the subject.

No. 5.—I consider the present arrangement of circles the best in the present state of the country, and until the Natives have a greater confidence in and liking for a Paper Currency, I would therefore retain it. But the present arrangement almost precludes the use of notes by travellers, as, except at the head offices, notes of one circle are often not easily convertible in another, and never so without loss in the way of discount.

No. 6.—I would not propose to increase the number of circles; but I consider that the latter suggestion in reference to establishing offices of sub-issue, is a very valuable one and preferable to any other, for it is only by increased facilities for converting the notes that the Natives will come to have a greater liking and confidence in them; but I believe that, even with great increase of facilities for converting the notes, they will not come into general use with the Natives, except in large towns where there is a good deal of trade; but that the Natives will, as a body, prefer gold and silver coins to notes, for they are afraid of keeping the latter on account of their easy destructibility by fire, wet, insects, &c.

No. 7.—No; I would not prefer this plan at present, as I consider it most desirable that the facilities for converting the notes should be increased rather than diminished, in order to give the Natives confidence in the notes; if in order to do away with this objection, the universal notes were made convertible at many local treasuries, it would entail keeping a large cash reserve at each treasury to meet any large and sudden demand for cash in exchange for notes. Increase of railway communication, and the introduction of a Gold Currency, will tend much to lessen this difficulty.

No. 8.—No; I consider it of a smaller value than is required.

No. 9.—No; I consider that notes of a higher value will have a larger circulation, as, except in a few large towns, I think that notes will be more used by the large traders and shroffs than by the poorer people.

No. 10.—No, not often; but if hoondees on the Presidencies are at a premium, the shroffs will buy notes to send instead, as they can always buy notes at par, and generally at a discount.

No. 11.—Yes; always in cashing notes of another circle.

No. 12.—Yes; under such circumstances as mentioned in my answer to question 10.

No. 13.—They much prefer the hoondees. Notes are so often lost in transit by post.

No. 14.—There are great facilities, as this treasury is only six miles from Budneira, from which place there is railway communication through to Bombay, to which treasury I should have to apply in case of a sudden run on this treasury: for the Akola Treasury, though near and on the line of railway, would probably be equally in want of cash with this treasury, under the circumstances mentioned in this paragraph.

No. 15.—No indents for notes have been made by this treasury.

Nos. 17, 18, and 19.—There are none in circulation in this neighbourhood.

No. 20.—No; I think they generally bear a higher value in the Presidency towns.

No. 21.—There is a greater demand for them in the latter places. People leaving this country are willing to pay a premium in order to get them, whereas in the Mofussil they merely pass for their intrinsic value.

No. 22.—Yes, very much so; but there is very little gold coin in circulation in this district.

No. 23.—Yes; as far as I can ascertain from enquiries, they would be very glad to have it; but I am of opinion that a great quantity of the gold coin would be absorbed into the Hyderabad territory, unless it were rated slightly above its intrinsic value.

No. 24.—Yes, decidedly so, both on account of the want of confidence of the Natives in the notes, and also on account of the causes noted in my answer to question 6 in reference to the destructibility of notes.

No. 25.—No; I do not think a Gold Currency will help the establishment of a Paper Currency in this way. At present, Natives will depend on the Government treasuries, and not on traders and others, for converting the notes.

No. 26.—Yes, certainly, as the local treasuries might keep a large cash reserve in a small space, and in case of a large and sudden demand, they might obtain the requisite amount of cash much quicker on account of the portability of gold in comparison with silver.

No. 27.—The currency in this district is almost entirely a Silver Currency. At present, as far as I can ascertain from enquiries, the shroffs and traders would prefer a Silver, Gold, and Paper Currency; but they seem to think that, with a Gold and Silver Currency, there would not be much demand for paper.

No. 28.—No; but a good deal of it is used for making gold ornaments, &c. Its purity is ensured by the stamps of the English houses by whom it is exported.

No. 29.—Yes; but there is a great dearth of gold coin in this district.

No. 30.—The names of the gold mohurs in circulation are as follows:—

The Hyderabad gold mohur, average value seventeen Hyderabad rupees.

The Jeypore gold mohur, average value seventeen Government rupees.

The Rahni, a small square piece of gold, average value twenty-three Government rupees. There are very few of the two first kinds in circulation in this district. The value of the Hyderabad rupee varies with the price of cotton. Hyderabad rupees 117=Government rupees 100, is the usual proportion. It would be a great thing to get rid of the Hyderabad rupees, as they only complicate accounts.

No. 31.—Yes, and their value varies with the value of gold.

No. 32.—No. Their value is estimated as above, and according to the purity of the gold of which they are made.

From the Assistant Commissioner in charge of the Treasury, Oonao,—dated the 7th March 1866.

No. 1.—In reply to Circular dated 16th February 1866, I beg to state that there are very few Government currency notes in circulation among the Native community in this district. The Natives seldom receive them from one another without hesitation, and never at their full value.

No. 2.—The principal reason for this depreciation seems to be that Natives give the preference to coins having an intrinsic value; such coins not only circulate more easily, but if there be no immediate occasion for their use as money, they are often converted into trinkets, which, at the call of necessity, will fetch their actual value. This is a convenient form of hoarding, for which purpose Natives do not consider notes at all adapted. The objection they urge is, that notes are so liable to be mistaken for valueless paper and destroyed, or to be damaged by rats or other vermin. Further, as the rule at present stands, the payment of the note is claimable at the office of issue only, and hence the Native not unnaturally fears that he may become possessed of paper of a nominal value, which he will find a difficulty in getting rid of, except at Allahabad or Calcutta. The certainty of getting the note cashed thus varies, in a certain degree, according to the distance of the holder from the office of issue, and hence it follows that (as I understand is the case) the rate of discount is different for notes of different circles. The prevailing rate for those of the Allahabad circle is about 2 per cent., and for those of the Calcutta circle 3 per cent.

No. 3.—Subject to certain restrictions, notes of small value may be cashed by treasury officers for *travellers*, and notes of the circle in which the treasury is situated may be received in such treasury in satisfaction of the Government revenue demand. With these exceptions, treasury officers are expressly forbidden to give cash for notes. Notes in exchange for cash, the public may claim to any extent, unless wanted for purposes of remittance; but this is a privilege to which few assert their right.

No. 4.—I certainly do not consider these facilities sufficient. I would suggest that notes of the larger values should be convertible at all the larger treasuries, *e. g.*, Allahabad, Cawnpore, Lucknow, &c., and that notes of small value should be convertible at every Government treasury.

No. 5.—My answer to the preceding questions will show that I do not think the present arrangement of circles, with a separate note for each circle, at all calculated to promote the reception of a Paper Currency by the Native population.

No. 6.—And I do not think the plan proposed in the first clause of question 6 would be any improvement on the present one, for the note of any particular circle would in that circle bear a higher value that any other; and there would thus be several notes in the country, bearing different values in different places. The proposal contained in the latter part of question No. 6 seems decidedly preferable, but the plan, which is, in my estimation, superior to all, is that suggested in question No. 7.

No. 7.—While considering this to be the best plan for adoption, I would, however, as I have said in No. 2, make notes of *small value* payable on demand at each and every Government treasury. My reasons for giving the preference to this plan are—

1*st.*—That the note being so easily convertible, Natives would receive it with much less hesitation and with greater confidence.

2*nd.*—That the note would then be more likely to be received and paid away at its full value.

3*rd.*—That there would not be two or more notes of the same Government for the same amount bearing different values.

No. 8.—I do not consider that a 5-rupee note would be of any use.

No. 9.—Nor do I think it would have a larger currency than notes of a greater value. Those whose means are so small that a 10-rupee note is beyond them would never part with their few rupees for currency notes of any value.

No. 10.—Notes are *generally* at a discount, except at the head quarters of circles and the immediate neighbourhood; hence it is only profitable to send them to such places. In other cases, the hoondee is preferred.

No. 11.—Shroffs and Native bankers (and English bankers too, I believe), with very rare exceptions, exact discount in all cases of cashing notes.

No. 12.—I do not think shroffs make it part of their business to buy up notes; but when they do get them, frequently they send them to head quarters for encashment.

No. 13.—As remarked in No. 10, the hoondee is preferred.

No. 14.—Cawnpore is only ten miles from this, Lucknow thirty-nine; at present there is a *pucka* road, and in a few weeks there will be a railway connecting this station with both the above places. I should first apply to Cawnpore, unless there should happen to be a train about to start for Lucknow.

Nos. 15 and 16.—This has never been the case here.

No. 17.—The Government gold mohur bears an average value of Rs. 15 in this district, occasionally rising to Rs. 15-8.

No. 18.—The English sovereign is at present unknown in Oonao; but I am told that in 1857, when troops were here, it uniformly sold for more than 10 rupees.

No. 19.—This coin is quite unknown here.

No. 20.—These coins generally bear a lower value in Mofussil bazars.

No. 21.—This is attributable to the fact that there is less demand for them, and if any circumstances happen to create a sudden demand, they then *sell* at a higher rate.

No. 22.—The people are certainly fond of gold for hoarding and circulation, and many gold mohurs are used as ornaments.

No. 23.—A Gold Currency would, I believe, find favor with the Native population.

No. 24.—And they would, I am sure, prefer gold coins of 15, 10, and 5 rupees to notes of the same value.

No. 25.—A Gold Currency. Gold being held as a reserve would, I think, greatly aid the establishment of a Paper Currency.

No. 26.—And would also assist outlying treasuries in ensuring the convertibility of notes.

No. 27.—On this point I am not in a position to give any information. Oonao being a comparatively small place, and there being no shroffs or large dealers here, my opinion is that they are decidedly more partial to hard cash of any sort than notes, though I think if notes were made easily convertible, they would be circulated more largely than at present, first among the large dealers, the smaller dealers acquiring confidence in them by degrees as they see them freely circulated by the leading merchants and shop-keepers.

No. 28.—Bar gold is not at all circulated here.

No. 29.—And gold mohurs are very little used as a means of currency in this district.

No. 30.—The gold mohurs known are the Jeypore, Delhi, and Government.

No. 31.—They do not pass altogether for intrinsic value.

No. 32.—But bear, in some degree, an artificial value, dependent partly on their denomination, and partly, like an article of commerce, on supply and demand.

From the Assistant Commissioner, Pakour,—dated the 20th March 1866.

With reference to your Circular of the 16th ultimo, calling for replies to a series of questions regarding the Paper and Gold Currency, &c., I have the honor to inform you that this half civilized part of the country is inhabited by a purely cultivating class, among whom transactions in any other currency than the silver rupee are exceedingly limited. I am, therefore, unable to give you any information on the greater number of the queries propounded, and my experience in the question of currency is so limited, that I do not feel competent to answer many of the others.

The arrangement at present existing here of changing silver for notes, and *vice versâ* on application, appears to work well, and no embarrassment is felt, as the transactions are so limited.

If my silver reserve were to run very low, I should apply to the Accountant General in Calcutta for a supply, which would be sent by rail. This treasury has always been able to meet the demand for Paper Currency.

A Gold Currency would, I think, be approved of by the people in general, as they would find it convenient for hoarding, and it would certainly be more understood, because more tangible than a Paper Currency.

No bar gold circulates here, nor are gold mohurs much used by Natives for circulation.

From the Officer in charge of the Treasury, Pertabgurh,—dated the 23rd March 1866.

In reply to your Circular dated 16th February 1866, I have the honor to forward an account of a meeting convened by me to discuss the questions therein asked.

My own views are much in accordance with those expressed by the meeting. I have no doubt that Government gold coins would be readily accepted by the people if their real and artificial value were as those of our sovereign, and they were from first a legal tender readily received at, and disbursed from, every Government treasury. At the same time, the value of the coin should be written on it in Urdu, as used to be the case with the East India Company's rupee, but which has been omitted in those issued in 1862.

Five-rupee notes would carry the advantage of Paper Currency one stage further, and their introduction would not appear to cause any counterbalancing evil; but I very much doubt whether the circulation would exceed or even equal that of 10-rupee notes. A bank note is used when the money it represents is too bulky to be carried about with convenience, and the Natives have always been too accustomed to the Draconian system of heavy metal coinage to demur to the weight of 5 rupees. Indeed, there can be little doubt that gold coins will seriously diminish the utility of notes for 10 rupees and 20 rupees, or to speak more accurately, considering that the Indian Paper Currency is in its infancy, will prevent such a rapid development as might otherwise be expected.

Memorandum of a Meeting held at Pertabgurh, Oudh, to express an opinion relative to a Circular dated 16th February 1866, *from the Secretary to the Currency Commission.*

PRESENT:

Pundit Hurree Kishun, Extra Assistant Commissioner.
Babu Thakoor Pershad, late Treasurer.
Thakoor Juggut Narain Singh, Talookdar.
Syud Bágar Hooseín, Wukeel.
Hukeem Gholam Ali, Wukeel.
Lalla Bunseedhur, Mahajun.
Pundit Bisumbhur Nath, Officiating Tehseeldar of Pertabgurh.
Ramsuhae, Mahajun.
Birj Biharee, Mahajun.
Dabee Pershad, Mahajun.
Mr. John Dyson, Assistant Commissioner, Treasury Officer.

No. 1.—The circulation of notes in the district of Pertabgurh is as yet very restricted. Hitherto they have been exchanged at par, but it is well known that they are at a discount in surrounding cities.

No. 2.—The meeting cannot state from personal knowledge the rate of depreciation. They suggest several reasons to account for such depreciation—

1*st*.—That Government will not receive the notes in payment of any demand, except land revenue.

2*nd*.—The system is new, and private transactions are impeded by the suspicion which still attaches to currency notes.

3*rd*.—Because of the restricted circulation of the notes.

No. 3.—All notes are received or paid away without any conditions.

No. 4.—The facilities for exchange are therefore sufficient, so far as regards this district.

No. 5.—The sense of the meeting is that the issue of currency notes would be decreased if the present arrangement of circles were modified, that is, if they were less than there are now. A very strong feeling in favor of one circle only was manifested, but it was acknowledged that the advantage would be wholly on the side of the people: Government would be sufferers.

No. 6.—Presuming that one general circle cannot be established, there should not be more than the circles now formed. Notes should be payable at every large city or treasury, and if it so happen that no important cities are included in a Commissionership, then the treasury of the district in which the Commissioner resides should be made an office of sub-issue.

No. 7.—The meeting have already recorded their opinion as to the best feasible arrangement. They, however, further suggest that each note bear on it the name of the circle to which it belongs written in the vernacular language.

No. 8.—The experience obtained from the working of the currency note system in this district shows that small notes are in great demand. This will be apparent from the following statement of notes issued:—

Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
265	258	235	189	42	19

It is the general feeling that 5-rupee notes might be introduced with advantage: the reasons assigned are that there are numberless remittances in small sums which might be made by this means.

No. 9.—A greater number of 5-rupee notes would be sold, but their aggregate value would be less than those of most other notes.

No. 10.—There is a forced remittance of notes in this district, as no transfer receipts are granted from the treasury, and there are few mahajuns who issue hoondees.

Nos. 11, 12, and 13.—Cannot be furnished, as this is a purely agricultural district.

No. 14.—Sultanpore is within twenty-six miles of this treasury, and is joined by a metalled road. There is, however, no chance of our needing assistance.

No. 15.—At the present time, there are no notes of a less value than 500 rupees in the treasury. Application for a supply of notes was sent to the Accountant General on the 2nd February, and he was again addressed on the 3rd March, but we have received no reply. This cannot be accounted for, as the demands of this treasury have hitherto always been complied with at once.

No. 17.—The Government gold mohur is not in circulation in this district. The same may be said of the English and Australian sovereign.

No. 22.—For hoarding, gold is preferred.

No. 23.—It will be a great boon if a Gold Currency be established, and it will be appreciated by all parties. But, of course, the gold coin must be a legal tender.

No. 24.—They will be generally preferred in place of 5-rupee, 10-rupee, and even 15-rupee notes.

No. 25.—The first part of this question cannot be answered by the meeting. They are, however, of opinion that gold will be stored as a reserve against notes.

No. 26.—This cannot be answered.

No. 27.—All state that a Gold, Silver, and Paper Currency should be established, but they add that some limit beyond which silver and gold need not be received should be enforced. It was explained to them that in England copper and silver are a legal tender up to a limit defined by Government, beyond which limit the recipient may demand coin of a higher value: all approved of the plan, and thought that its adoption in this country would be beneficial.

No. 28.—Bar gold is not circulated in this district.

No. 29.—There are very few Native gold mohurs in this district, with little or no circulation.

No. 30.—The following descriptions of gold mohurs circulate in this district:—

Delhi	Rs.	15-8	to	Rs.	15-12
Jeypore	„	15-8	„	„	15-12
Moorshedabad *(Pooranee)* ...	„	18-8	„	„	18-12
Lucknow	„	15			
Government	„	14-4	„	„	14-8

There are several kinds of the Delhi and other coins, but their circulation in this district is so restricted that it is difficult to obtain information. All these coins sell at their intrinsic value, that is, by weight and relative purity.

From the Deputy Collector in charge of the Treasury, 24-Pergunnahs,—dated the 15th March 1866.

I have the honor to acknowledge receipt of your Circular dated the 16th February 1866, and in reply beg to send the following answers to the several questions contained therein.

No. 1.—Yes; especially in Calcutta and its suburbs. But there illiterate men and women generally prefer silver to the notes, because they are unable to appreciate their value. The circulation of notes has not extended to the agricultural classes, the petty shop-keepers, and dealers in grain, &c.

No. 2.—The reason why notes are not readily received and paid away by the class of persons mentioned in the first answer is, that they, on the one hand, do not appreciate the advantages which the notes possess over silver, while, on the other hand, they feel the disadvantages of a Paper Currency. The advantages are—(1), the facility with which large sums may be counted and received; (2), the facility with which a large sum may be remitted and carried to a distance; (3), the facility with which notes may be traced when stolen, either in the hands of the thieves, or receivers of stolen property. The agricultural classes and petty shop-keepers do not feel these advantages. The only monetary transactions which they make are, that they sell for silver the produce of their soil, pay a portion of that money as rent, and expend the remainder in providing themselves with articles of necessity and comfort. The smallness of the capital commanded by the petty shop-keepers and dealers in grain, &c., and the position of the people with whom they deal, are impediments to the use by them of Government currency notes. They have not, besides, that amount of confidence in the ultimate convertibility of the notes as is indispensably necessary for their extensive circulation. The disadvantages are that they are liable to be eaten by white-ants, damaged by damp, or destroyed by fire, thus creating a necessity to keep them in places more secure than the silver coin. The people who are in the habit of laying their savings underneath the earth, and tremble to appear even as a witness before a Court, could hardly be expected to keep an iron safe or strong wooden box, or to go to the bank to stop payment of the stolen notes. The discount, as far as I have been able to ascertain, varies from Re. 1-8 to 1 Re. per cent.

No. 3.—In the 24-Pergunnahs, notes are always converted into silver on presentation, and *vice versâ*. But such facility is not, I believe, always afforded by officers in charge of other Mofussil treasuries. They cash notes to the extent of available silver.

No. 4.—The facilities at present afforded are not, in my opinion, sufficient. I would, therefore, beg leave to suggest that the notes ought to be made surely convertible at Presidency towns and certain specified treasuries. The officers in charge of sub-divisional treasuries ought, likewise, to be directed to cash notes according to their available silver.

No. 5.—I do not consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, because the notes of one circle are not generally convertible in another circle without inconvenience and loss, consequently the system works as a check to the remittance of money from one circle to another. I would not, therefore, retain separate notes for each circle.

No. 6.—No; I have already, in reply to the 5th question, stated the disadvantages of circles with separate notes. The multiplication of such circles will, therefore, proportionately shorten the range of the circulation of the notes. The establishment of the offices of sub-issue, retaining the present circles, will no doubt afford greater facility for the convertibility of the notes than at present; but still the currency will be confined within the circle, and the notes received for local use only for reasons stated in the 5th answer.

No. 7.—I have already, in the preceding two answers, stated the reasons why I do not approve of the present arrangement of circles with separate notes for each circle. I would, therefore, have one universal note for the whole of India, which, if made *surely* convertible at Presidency and great commercial towns and specified treasuries, as well as in all other sudder and sub-divisional treasuries to the extent of their available cash, would find favor with the Native population at large.

No. 8.—I would rather not have a note of 5 rupees. A note of that value, if issued, would find very little favor, save and except for purpose of transmission of petty sums above 5 rupees and below 10 rupees.

No. 9.—No.

No. 10.—Yes.

No. 11.—Yes; the discount, varies according to the distance of the treasury where the notes are cashed.

No. 12.—Yes.

No. 13.—The practice varies at different places. If the fee charged for the issue of a *hoondee* be less than or equal to the expense incurred in purchasing and cashing notes from bankers, the former is preferred, if otherwise, the latter.

No. 14.—The Accountant General's Office being close at hand, the want contemplated may be easily supplied in the sudder treasury of the 24-Pergunnahs.

No. 15.—Never.

No. 16.—*Vide* reply 15.

No. 17.—I believe Rs. 14-12 at present, but always fluctuating.

No. 18.—I believe Rs. 10, but always fluctuating.

No. 19.—I believe Rs. 10.

No. 20.—They do.

No. 21.—The risk and expense of carrying them to a distance enhance their value.

No. 22.—The people are fond of gold for the purpose of hoarding, but not much for circulation.

No. 23.—Yes.

No. 24.—With the illiterate, the gold coins of different value will find more favor than currency notes, but I doubt whether they will be more acceptable to those who understand the advantages of the notes.

No. 25.—I think not. On the contrary, I am of opinion that such currency would, to a certain extent, retard the circulation of the notes.

No. 26.—I think not.

No. 27.—They would have silver, gold, and paper.

No. 28.—No.

No. 29.—No.

No. 30.—1, Akburi; 2, Shaha Aulum Badshahie; 3, the Government old mohurs; 4, the Government new mohurs; 5, Ram Chundri.

No. 31.—They pass for little more than their intrinsic value.

No. 32.—They do not bear any artificial value according to their respective denominations, or as proceeding from certain Native States. The higher value is paid for the fact of their bearing a State stamp, which guarantees the quality of the gold.

From the Officer in charge of the Treasury, Peshawur,—dated the 3rd March 1866.

In reply to your Circular dated 16th February, requesting information concerning the practice of Act XIX of 1861, I have the honor to send you the following answers to the questions sent by you.

Nos. 1 and 2.—In the city and cantonments of Peshawur, notes are readily received and paid away at their full value among Native bankers and shop-keepers, but a small discount is levied for changing them, as it is levied also for changing rupees into copper.

No. 3.—There has been no increase in the treasury establishment to facilitate the issue of notes; they are, as much as the establishment has leisure from ordinary treasury duties, issued to all parties in exchange for cash; but in consequence of nearly all the notes being returned in payment for supply bills, the orders of the Government of India, Financial Department, published in the *Calcutta Gazette* of the 22nd March 1862, and extended to the Punjab by Accountant General's circular order, No. 159, dated 23rd December 1864, have been carried out.

No. 4.—I would suggest that one or two (according to the size of the treasury and demand for notes) be appointed in the larger treasuries, whose duty it would be to cash all notes presented and to issue notes for cash. This system would establish confidence in a short time. At present, in consequence of the heavy work in this treasury, it has been impossible to cash all notes presented as noted above.

Nos. 5, 6, and 7.—The arrangement of notes only being legal tender in the circle from which they were issued, causes great inconvenience; it renders notes useless as a means of carrying money for travellers, and also for purposes of remittance. A large sum is remitted monthly from here to stations in the North-Western Provinces, for which purpose notes of the Lahore circle are useless. I am of opinion that it would be better to abolish circles entirely, and make one note for the whole of India, still keeping up the offices of issue, where notes could be converted on demand, and *vice versâ*, and also to establish offices of sub-issue as suggested above; this would allow the people to cash notes at pleasure, and would show that the notes were as good as cash. At present, notes of the Lahore circle can only be cashed at Lahore, nearly 300 miles from here.

Nos. 8 and 9.—A note of 5 rupees would be in little demand; the sum is too small for purposes of remittance, and if offices of sub-issue were established as suggested above, enough silver coin for the ordinary expenses of travellers could be easily carried. I am of opinion that it would not be circulated to any extent.

No. 10.—Notes were not used for purposes of remittance to any extent until July 1865, when the sale of supply bills on Calcutta was stopped; since then they have been used largely to remit money to Calcutta. Supply bills are now issued on nearly all treasuries in the Punjab in sufficient quantity to meet the demand, and being payable to "order," notes have not been used.

No. 11.—When notes were first started in the Punjab, the bankers used to take Rs. 1-8 per cent. for cashing them in stations close to the office of issue, but now a nominal discount is taken, as is the custom when cashing rupees.

No. 12.—As supply bills are issued at this treasury in sufficient quantity to meet the demand, notes have not been collected to send to the office of issue, they have been returned to the treasury in payment for supply bills.

No. 13.—The Native bankers prefer notes to hoondees for purposes of remittance, as the postage of sending the notes by halves is not equal to the stamp and exchange of the hoondee; but the supply bill is preferred to either, for two reasons,—1*st*, no stamp is required; 2*nd*, it is payable to order, not to bearer.

No. 14.—In case of the reserve of coin running low, money could be procured from Lahore or Rawul Pindee, distant 271 and 91 miles respectively. This mode of conveyance would be by country cart. Application would be made to the Accountant General at Lahore, who would issue orders.

Nos. 15. and 16.—Indents for notes have always been complied with, and no inconvenience has resulted in consequence of there being no notes.

No. 17.—The Government gold mohur is worth Rs. 15.

Nos. 18 and 19.—The English and Australian sovereigns are worth Rs. 10, as pure gold is procurable from Cabul and Bokhara.

No. 20.—I am of opinion that gold bears a less value here than in the Presidency towns.

No. 21.—In consequence of purer gold being procurable from Cabul, Bokhara, and Russia.

No. 22.—Gold is much approved of for circulation: it is not much hoarded.

Nos. 23 and 24.—The Natives would gladly adopt Gold Currency; it would be far preferable to notes, as there would not be so great a loss in case of fire.

Nos. 25 and 26.—A gold coinage would assist treasuries in cashing notes: it would save a great deal of labor.

No. 27.—I have enquired from the principal Native bankers, and find that they would prefer gold, silver, and paper to the present system.

No. 28.—Bar gold is not used as a medium of currency to any extent, but more as an article of merchandize.

No. 29.—Native gold mohurs are not much used as a medium of circulation.

No. 30.—They are the Russian sovereign or "Biti," mohur of Jeypore and Delhi, and mohur of Furruckabad.

Nos. 31 and 32.—Their value is fixed by custom according to their value. Biti, Rs. 8-6; mohur of Jeypore and Delhi, Rs. 16; mohur of Furruckabad, Rs. 20.

From the Collector of Poona,—dated the 18*th April* 1866.

Having consulted the Agent of the Bombay Branch Bank at Poona, and the principal Native sowcars and bankers in the city, I have the honor to reply to your Circular letter dated the 16th February last.

No. 1.—Government currency notes are readily received and paid away by the Native community at their full value in monetary transactions, and are received by merchants and shop-keepers, tradesmen, and others at their full value, in payment of their bills and accounts; but they are generally cashed by petty shroffs and others in the villages at a discount, and sold at a premium to people who may require them for purposes of remittance.

No. 2.—The petty shroffs made it a trade to cash currency notes in the same way as they exchange money, silver for copper, or *vice versâ*. The discount or premium charged varies with the state of the money market; the discount is generally from 4 to 8 annas per cent.,

and from 2 to 4 or 8 annas in selling. The reason given for the depreciation of notes is, that they are liable to be "loot," or stolen or forged, and in the villages, the people find it difficult to distinguish the difference between a genuine and forged note, or the value of it, and they are, therefore, but seldom used in villages.

No. 3.—By the Government of India's Resolution, No. 43, dated the 19th March 1862, no currency notes are received in the Government treasury here in exchange for money, but they are received in the hoozoor and district treasuries in payment of Government demands, and are cashed at the branch of the Bombay Bank at this station at par, except when Marwarees or Native bankers and merchants bring them in large amount from Bombay to exchange here, to save them the expense of bringing silver, when the bank makes a small charge as discount.

No. 4.—It would probably be a convenience to the public if currency notes were changeable in the district treasuries; but as the officers in charge of those treasuries are not conversant with English, they are unable to test the genuineness of these notes, and if the system of receiving and cashing currency notes were extended to them, it would lead to confusion and loss, and the present arrangements are, under these circumstances, considered sufficient at present.

Nos. 5, 6, and 7.—I hardly feel competent to express an opinion on these questions, as I have had no experience of the extent of circulation of notes in each circle; but it would probably be preferable for promoting the free circulation of notes to have an universal note for all India, to be convertible not only at the Presidency towns, but at the chief stations within each Presidency; but it appears to me that it would be difficult, owing to the number of languages in India, to have the value of the notes affixed in each language in use in each of the Presidencies on it, owing to which it would perhaps be better to have a separate note for each circle payable on demand at any of the Presidency towns and at certain specified treasuries where trade to any considerable extent exists in the Presidency towns of such circles.

No. 8.—A note of the value of 5 rupees would be liked by the Natives as being convenient for the settling of small demands.

No. 9.—I am of opinion that the 5-rupee note would have a larger currency than notes of greater value.

No. 10.—Notes are freely used by the shroffs and Native bankers for the purpose of making large remittances to places where it may be convenient to send a special messenger in charge, owing to the risk of robbery when sent by post, even in cases when the letters have been registered.

No. 11.—A discount of from 4 to 8 annas per cent. is generally charged by shroffs and Native bankers in cashing notes, except when they are in want of notes to remit.

No. 12.—Native shroffs and bankers generally buy up notes at a discount for the purpose of exchanging them at the bank at this station, or on speculation of being able to sell them at a small premium to parties who may require them.

No. 13.—No. They would always prefer hoondees, whenever they can get them at par, and more especially when they can get them at a discount, whicht hey are able to do some times.

No. 14.—When money is required, application is made to the Accountant General, Bombay, who issues the order for supply to the Bank of Bombay. There is a railway between this and Bombay by which the money is sent.

No. 15.—As there is a branch of the Bank of Bombay here, this treasury does not keep up a supply of Paper Currency.

No. 16.—No indents have been made or refused for currency notes.

No. 17.—The Government gold mohur is not to be obtained here, and, therefore, the average value cannot be ascertained.

No. 18.—The average value of the English sovereign is about Rs. 10-2 or Rs. 10-4 each, but it is not obtainable in the bazars here.

No. 19.—The average value of the Australian sovereign is about Rs. 9-14 or Rs. 10, but it cannot be obtained in the bazars here.

No. 20.—These coins generally bear a higher value in the Presidency town, Bombay, than in the Mofussil bazars.

No. 21.—They are better known in Bombay, and are only purchased here when the shroffs can get them at a discount, so as to be able to make something by re-selling them in Bombay.

No. 22.—The people are fond of gold for the purpose of hoarding and circulation.

No. 23.—Yes, as it would be more convenient to carry about than silver.

No. 24.—Gold coins of 15, 10, and 5 rupees value are likely to find more favor in the eyes of the Natives than notes of like value.

No. 25.—A Gold Currency would not, I think, help the establishment of a Paper Currency, as payments in town would generally be made by means of gold, the notes being reserved for remittance only when other means are not available.

No. 26.—I do not think that a Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note.

No. 27.—The large shroffs and dealers would prefer silver, gold, and paper to a Silver Currency alone, or paper and silver only.

No. 28.—Gold bars are in circulation in this neighbourhood; their purity is tested by the touch-stone.

No. 29.—Native gold mohurs known as "Hons" are very scarce now. They are not much used as a means of currency, because they are not current in the Government treasuries; but if they were current in the Government treasuries, they would no doubt be much used by the Natives. They are generally purchased by the Natives at a discount, as the gold is not considered by them to be pure.

No. 30.—The following are the names of the gold mohurs in existence in this country, *viz.* :—

1. Chowkuttee.	7. Boondee.
2. Shetshaee.	8. Kotah.
3. Jeypore Zadshaee.	9. Oodeepooree.
4. Punch Melle.	10. Kuldar.
5. Akburee, Delhi Sicca.	11. Oojnee.
6. Malshaee.	

No. 31.—They do not pass for intrinsic value, as the gold is considered to contain a small quantity of alloy.

No. 32.—The different gold coins are valued according to the touch, and not at the value they bear.

From the Collector of Pubna,—dated the 24th March 1866.

In reply to your Circular dated the 16th February last, I have the honor to state the following answers.

No. 1.—Most readily.

No. 2.—Some times notes are at a premium of half per cent., and some times they are discounted at one per cent.

No. 3.—Every facility as far as the store in hand permits.

No. 4.—Not always. None but increase store.

No. 5.—Yes.

Nos. 6 and 7.—I know of no grounds for altering the present arrangements.

No. 8.—Yes; for short remittances.

No. 9.—They would have as large a currency as notes of greater value.

No. 10.—Yes.

No. 11.—Not always.

No. 12.—The shroffs and Native bankers do at times purchase notes at a discount.

No. 13.—Notes.

No. 14.—I would apply to the Bank of Bengal, Calcutta. The reserve could be reinforced by railway to Kooshtea.

No. 15.—Yes.

No. 16.—Yes, Pubna being a surplus treasury, the refusal was made on that ground.

No. 17.—Rs. 19.

Nos. 18 and 19.—There are no English or Australian sovereigns in this district.

No. 20.—No.

No. 22.—The people are fond of gold for hoarding.

Nos. 23 to 26.—No.

No. 27.—Silver and Paper Currency.

No. 28.—Bar gold does not circulate in this district.

No. 29.—No.

No. 30.—The guinea and *ashrofee* are only known here.

No. 31.—Yes.

No. 32.—No.

From the Officiating Collector of Purneah,—dated the 24th March 1866.

In reply to your Circular dated 16th February 1866, I have the honor to forward answers to your queries.

No. 1.—Yes, with this exception, that if you take a note to the bazar to get it changed, the Natives will charge you one per cent. or even more discount. This does not hold good, however, for purely commercial transactions between Native firms. From all I have heard, the note circulates for full value in such cases.

No. 2.—The average rate of discount, as stated above, is one per cent.; in places remote from great centres of trade, two, three, or five per cent. has been charged. The reason seems to be not that any distrust of the notes is felt, but that they afford a convenient opening for a little illicit gain, and the discounter is generally a sharper hand than the holder, and takes advantage of the similarity of the currency note to the hoondee on which discount is usually paid.

No. 3.—Every facility, in spite of the Accountant General, who is always checking, for some reason best known to himself, the free circulation of notes.

No. 4.—If the Accountant General would issue more notes of small values and trust to the ordinary rules of political economy, and to the credit of his Government to preserve the equilibrium, and would desist from arbitrary interference with the circulation, leaving matters to find their own level, the note would soon attain as free a circulation as in England. An officer in charge of a treasury should have discretion to refuse to cash notes, when he saw that such a proceeding would reduce his cash too low. This would not injure the convertibility of the note. The Government is bound to cash the note, but not to cash it in any particular spot. So long as in all the treasuries of the whole country put together there is enough money to redeem the whole of the notes in circulation, so long the note should be at par, and no harm can result from its extended circulation.

No. 5.—I consider, with reference to the last question, the arrangement of circles with a separate note about the very worst that ever entered into any man's head. The whole country being engaged in mercantile transactions, which extend throughout all Northern India, no better means could have been devised for restricting the utility of the currency system than this of circles, by which a banker in Calcutta cannot remit money to his agent at Lahore in

Government notes. I am aware that the Accountant General objects to the use of notes as remittances; but it seems to me that if you issue notes, you issue them for the convenience of the public, who have just as much a right to use them for remittances as for anything else. Again, a traveller by rail, to avoid the heavy weight of Rs. 500 or 1,000, takes notes of the Calcutta circle, and on arrival at Lahore, he finds his notes useless, or only negociable at a heavy discount.

Nos. 6 and 7.—I would have one circle for the whole of India, one note for the whole country, just as there is one rupee: why restrict the benefits of a Paper Currency by arbitrary barriers? Print your notes in fifty different places, if it is more convenient, but have them all of the same pattern, and negociable anywhere. The offices of sub-issue would be clumsy substitutes for the simple plan of one note for the whole country. There may be objections to this system; those I have read seem to me very pedantic and theoretical; but I am sure that nothing is so likely to bring the note into general favor with Natives as its universality. Such an universal note would be convertible everywhere. It would become negociable at par, in course of time, much more readily than a note restricted to a circle and unknown to inhabitants of another circle. The money-changer, under the circle system, can and will constantly cheat the holder into a belief that the note he presents is one from another circle, which, of course, is not negociable at par out of its circle, and which not being receiveable at Government treasuries, can only be changed as a favor of the money-changer. I believe few people are aware how vast and how constant is the movement going on all over India: there are few countries where people in the lower classes travel so long and so far. It is to the travelling class, to the messenger by whom the merchant so habitually makes his remittances of money, to the non-resident zemindar, the wandering cloth merchant, the grain merchant, the vast river population, the sepoy and others, that the note is so valuable, and to all these, who are constantly crossing the boundaries of our arbitrary note circles, one uniform note would be of immense advantage.

No. 8.—I would recommend a note of 5 rupees on the ground that many of the commercial transactions among Natives are for very petty sums, and few things are so likely to make the note popular and understood as its being brought home to the very lowest classes by being issued for small sums.

No. 9.—Yes, decidedly, but not perhaps in channels that Europeans usually see or know much of.

No. 10.—Not so freely as hoondees. I think they would be, if not hampered by the circle arrangement.

No. 11.—Always.

No. 12.—No such practice has come to my knowledge. Restrictions are placed on our liberty of cashing notes so frequently that it would not be a certain investment for a shroff.

No. 13.—No; *vide* No. 10.

No. 14.—I refuse to cash notes when my cash runs low. If convertibility were in future to be held to mean convertibility not at the general treasury, but at any local treasury, and I was thus obliged to cash all notes presented, and my cash balance ran low, I should apply by telegraph to the Accountant General, Calcutta, who would choose the treasury from which mine was to be supplied. I am fifty miles from Bhaugulpore by road and rail, but I can be supplied from Calcutta in forty-eight hours.

Nos. 15 and 16.—No.

No. 17.—The average value of the Government gold mohur is Rs. 15-8.

No. 18.—The average value of the English sovereign is Rs. 9-8.

No. 19.—Not in use.

Nos. 20 and 21.—Yes, because the facilities for extortion on the part of the mahajun are greater in proportion to the ignorance of the people. I notice that the rate of discount rises the further one goes from the centres of trade and civilization. The above coins are rarer,

and their value less known. The mahajun cannot easily get rid of them again, and does not care to take them unless he can make a good thing by it. I do not think these causes affect only gold coins. I remember a Sikh sepoy, who returned from the Chinese war, sold 200 Mexican dollars in the Loodhiana bazar for 8 annas a piece; the coins were unknown, and I refused to take them into my treasury, consequently no one cared to take them, and they sold as old silver only. The rarity of the English sovereign and the Company's mohur has the same results here.

No. 22.—Yes; but not more so than they are of silver, or perhaps not so much so; bulk is no objection in hoarding.

No. 23.—They would, when accustomed to it. At present the English sovereign is often valued merely as a bit of gold, and the alloy detracts from its value; but when, in process of time, it began to be familiar—and especially if the scruples against making it a legal tender were got rid of—it would, I think, become popular enough. At present the sovereign fluctuates in value from its being constantly referred to the rupee as a standard of valuation, and 10 rupees being held equal to one sovereign, the Native feels he ought to get his 10 rupees for every sovereign he changes, but the money-changer seldom gives more than Rs. 9-8.

No. 25.—This could not happen for some time, if at all. You must first give the gold coin a permanent unalterable value; gold might then be worth keeping as a reserve. No one can form any estimate of the vast quantity of coin hoarded by Native bankers, or of the still greater quantity lost to the country by the death of former hoarders, before they had time to disclose the position of their buried treasures. The tendency to hoard is so strong in the Native mind that I think if gold began to be held as a reserve to meet demands for cash in exchange for notes, the next step would be to hoard it, and to refuse to exchange it at all. The note cannot be buried for long, it would rot away or be devoured by insects. It seems to me that its very destructibility adapts it peculiarly for a commercial medium in India. It will pass rapidly from hand to hand, because no one will care to keep it after it has done its work; but I do not see how a Gold Currency could help this, nor, as far as I can learn, is the Native opinion in favor of this supposition. For many years the Native will not feel that he has *realized* his money till he touches the rupee. A note is something which may be turned into money, but it is not, to him, money itself; a gold coin is a sort of tokén or pledge, convertible into money, but *it* also is not in his eyes money. Money is the rupee, and the rupee is money. If by receiving sovereigns in exchange for notes the Native felt he had "realized," then the reserve in the hands of traders might help a Paper Currency; but this transaction to him would be merely exchanging one token for another, the gold token being the less portable and convenient of the two and less valuable. A note for 100 rupees is now convertible into 99 silver rupees; if converted into ten sovereigns, those ten sovereigns being worth only Rs. 9-8 each, it only realizes 95 silver rupees.

No. 26.—No; for the reasons stated in answer 25. The only difference is that Europeans would take the gold, but these form a very small part of Mofussil populations.

No. 27.—As far as I can learn, the Native bankers' opinions are those expressed in answer 25; in other words, silver alone suits them very well; silver and paper is felt convenient, and will be more popular as time goes on. Silver, gold, and paper is a combination of which they have no experience and rather distrust.

No. 28.—Not as coin.

No. 29.—No; they are bought only as ornaments.

No. 30.—The Jeypore mohur, average value Rs. 16-8; the Akbari (rare), Rs. 26 to 28; and the old Moorshedabad Milledrim or Kulda, which sells from Rs. 19 to 22.

No. 31.—Yes; they are sold by weight and fineness of gold.

No. 32.—Not in this district.

From the Extra Assistant Commissioner, Raepore.

No. 1.—Yes. Government currency notes are very readily received and paid away by the more intelligent portion of the Native community at their full value in private monetary transactions at a very small nominal discount at such large towns as Nagpore and Jubbulpore in this province; but in small towns, like Raepore, where notes have scarcely been introduced to any extent as a circulating medium, there is a natural hesitation in receiving them; and for some time in private monetary transactions, they will not be received at par.

No. 2.—The rate of discount on currency notes averages about one per cent.

No. 3.—Officers in charge of treasuries offer every facility for the exchange of currency notes for silver and silver for notes. Notes are invariably cashed when presented. Supply bills, when sent from one station to another to be cashed, require generally letters of advice; but it is very rarely indeed that any delay takes place in that respect.

No. 4.—Yes.

No. 5.—I should think that a Paper Currency would be more acceptable to the Native population, if there was one uniform note, instead of separate notes for each circle.

Nos. 6 and 7.—I should think that the Native community would prefer one universal note for all India, not only convertible at the Presidency towns and at certain specified treasuries, but so universally made a legal tender for all India as to be convertible at any town where there is an European or Native bank, and, if possible, without any discount. That the practical working of a system of an universal Paper Currency for all India is feasible, there can be no doubt. Our present currency is insufficient for the increasing wants of the community, and the unprecedented recent development of Indian commerce will require a larger medium of circulation than it has at present. This want is now felt. It is felt more at the Presidency towns than in the interior of India. But there is nevertheless even here a growing want for a more extensive circulating medium than that afforded by a limited metallic currency, and a Paper Currency can only be popular, if it can have a free circulation, without the restrictions of being cashed at only a few special treasuries. (*Vide* note).

No. 8.—I do not think it would be judicious to have a note under 10 rupees in value. That should be the minimum. Such a note would be offered to, and accepted by, the poorer classes—artizans, mechanics, and servants,—and the discount, which it is only too probable that Native shroffs would charge in cashing it, would prove a constant source of loss to the recipients.

No. 9.—They would, if no discount were charged.

No. 10.—Not at present; they prefer hoondees, because, as yet, the system of hoondees is better known, and because there is a guarantee against risk in being furnished, whenever required, with duplicates, still there is every reason to believe that currency notes will, in time, become as popular as hoondees.

No. 11.—Yes.

No. 12.—No.

No. 13.—In the principal towns, not in the smaller ones.

No. 14.—There are no facilities of rail for the town of Raepore. But in the subordinate and tehseel treasuries, there is always a reserve to fall back on in case of any sudden or unexpected drain.

Nos. 15 and 16.—No; the great drains on the treasury have as yet only been caused by supply bills. These are only issued when there is a surplus in the treasury in excess of the amount estimated to meet the probable public demand. The treasury has always been able to meet the public demand; and indents for currency notes have always been complied with.

No. 17.—At par; but it is rarely that gold mohurs are substituted for silver.

Nos. 18 and 19.—The English and Australian sovereigns are not in the market here.

No. 20.—No; they bear a higher value in the Presidency towns.

No. 21.—Because the demand for gold coin, and especially the gold sovereign, is greater in a Presidency town than in the Mofussil. English sovereigns, are current, with a few exceptions, over all Europe, and are readily bought up in preference to circular notes by those returning to Europe.

No. 22.—Gold is very much hoarded and very often converted into jewellery, but not perhaps more so than silver.

Nos. 23 and 24.—I think the Natives would like a Gold Currency. They had a Gold Currency under their old Mahomedan rulers, and so they have now to a limited extent in some Native towns. They have a very large but imperfect system of Gold Currency. They know and appreciate the value of gold, and gold coins of 15, 10, and 5 rupees would be more popular than notes of a corresponding value.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—They would prefer a Silver, Gold, and Paper Currency. (*Vide* note).

No. 28.—No.

No. 29.—No.

Nos. 30, 31, and 32.—The following are the kinds of gold mohurs in this district :—

	Rs.	A.
The Jeypore, value	15	8
Delhi	16	8
Old Company's, now scarce	18	0

These bear an intrinsic value, and do not have an artificial value, according to their respective denominations.

Note in continuation of answers to questions Nos. 6, 7, and 27, embodying the opinions of some of the mercantile community of Raepore.

The question of the practical working in India of Paper Currency is one of importance. The development of Indian commerce will require a larger medium of circulation than it has at present. A Silver Currency alone is scarcely equal to the growing requirements of the Indian mercantile community. The substitution of a paper for a limited metallic currency will meet that demand, and it is quite possible to introduce a Paper Currency into India. None can doubt, and those who have given the question their attention will, I think, be of opinion that no other currency will be so well adapted to supply the growing wants of the community. As yet, the system to any large extent has been untried, and dealing with a community not likely to appreciate the value of paper as a substitute for tangible silver or gold, many difficulties, no doubt, will be experienced on its first introduction. But when once introduced for all practical purposes of trade, it will be found far more useful to India as a currency than silver. Within recent years, the expansion of commerce in India has been great. Fortunes have rapidly been made, and generally an impulse has been given to trade almost unprecedented in the annals of India. The large returns for cotton, the trade with Manchester and Liverpool, the enormous influx of money from other sources of productive wealth, has sent back to India more silver than had ever before been withdrawn from it. And amongst a community so naturally addicted to convert silver into jewellery or to hoard up their wealth, very much has, no doubt, been rendered unproductive.

In no country is there so strong a tendency to hoard as in India; and it is indeed only a very few of the more intelligent bankers alone who are free from this pernicious habit. Virtually, it is equivalent to the withdrawal of money from the market.

That so much silver is hoarded is to be deprecated. Gold would to a much greater extent be hoarded. The circulating medium ought to keep pace with commerce. It ought to add to the productive wealth of commerce. A limited Silver Currency cannot by itself do so. In no country where there is only a limited metallic currency can the circulating medium add to its

productive wealth; and in India especially is a limited metallic currency an evil. Limited as that currency is, it becomes still more so from the constant drain on it by the Natives themselves. In no country is there so great a tendency to hoard as in India: in no country is there so eager a desire on the part even of intelligent Native capitalists and bankers to convert silver rupees into silver jewellery, silver bangles, or silver earrings. On the introduction of a Gold Currency, gold would, perhaps, be hoarded to a larger extent than silver is now. A Paper Currency alone would obviate this. The destructible material of which paper is composed would prevent hoarding, and would, in this respect perhaps, prove the best circulating medium for India.

But a Paper Currency ought to be as much a legal tender as silver, and to make it popular, there should be no discount charged in cashing notes. They should be cashed in every town by any Native banker, shroff or money-dealer. It should also be remembered that a purely metallic currency must always be limited. In any particular case of a drain on the Presidency treasuries, in any particular case of expansion of trade, the money markets must be deranged from a deficiency of the circulating medium. The Bombay Mint, at the highest computation, turns out eight lakhs of rupees per day, and the Calcutta Mint, perhaps, as much. The supply is not equal to the growing demands of India. Relying alone on a Gold Currency, our powers of supply would be still less equal to the demand, and even assisted by the gold mines of Australia, British Columbia, or California, the supply of gold would in time prove too limited for the requirements of India. A Paper Currency would, on the other hand, be unlimited. It would be accepted in all monetary transactions and issued by the Government. It would readily be adopted by the Native community. Readily convertible, without trouble or discount, into gold or the still smaller change of silver, it would soon become popular, and there is every reason to believe that a combined currency of silver, gold, and paper, whilst it would satisfy the requirements of India, would equally be acceptable to the people.

From the Officer in charge of the Rajmahal Treasury,—dated the 3rd March 1866.

I have the honor to reply, as follows, to the questions contained in your Circular of the 16th ultimo.

No. 1.—No.

No. 2.—Because silver or gold are preferred, and notes are not readily cashed even at Government treasuries; moreover, the risks attending the keeping of notes are greater. The average rate of discount is one per cent.

No. 3.—Currency notes are received freely in payment of all Government dues, and issued without reserve either in exchange for silver or in payment of sums due from the Government. Persons receiving money are asked whether they wish to receive the whole or any part thereof in notes, but no influence is used to induce any one to accept notes rather than silver. Treasury officers may not cash currency notes, except in small sums as an accommodation to private parties or travellers, and they are to take care not even to do this to such an extent as to affect materially their cash balances.

No. 4.—No. Notes of all denominations ought to be freely supplied, and there ought to be no restrictions in receiving and paying out notes of large as well as of small value, due regard being had to probable prospective disbursements and receipts.

No. 5.—No.

No. 6.—No.

No. 7.—I would prefer the plan of having one universal note for all India, payable at all Government treasuries, and not merely at the Presidency towns and at certain treasuries. My reasons for giving a preference to this plan over any other are—

1st.—At present people are not satisfied that notes of one circle will be readily cashed in another circle, and consequently circulation is stopped at the limits of circles. This is inconvenient, and frustrates one of the great objects of the Paper Currency, which is, that notes

should be readily received and paid away everywhere. A note of one circle when cashed in the bazar of a different circle is done at a higher rate of discount; this is a decided drawback. It may be said that to issue notes entirely without restriction of any kind would encourage their use largely for the purposes of remittance, and thus interfere with banking operations; but it is also a question whether the convenience of the public should in any way be made to yield to an undue regard for the interests and profits of dealers in money and exchange. Notes, like coin, are a monopoly in the hands of the Government, and I am of opinion that all hindrances to free and ready dissemination of notes ought to be done away with.

2nd.—To increase the number of circles would be to increase the difficulty.

3rd.—To make the note readily received and appreciated by the Native public, cash must be got for it *everywhere* as readily as pice are obtained for a rupee; but at present there are so many difficulties in the way of getting Rs. 100 for a 100-rupee note, that it is not astonishing that Natives much prefer cash, although they may have to carry it long distances.

No. 8.—No. It would be of no practical advantage.

No. 9.—And in my opinion would not have such a large currency as notes of a greater value.

No. 10.—Notes are to some extent used for purposes of remittance, but in this district not very largely.

No. 11.—Yes, except, perhaps, from their own regular customers.

No. 12.—I am unable to say, there being no large shroffs or Native bankers in this district.

No. 13.—No. Hoondees are preferred for large remittances, as they are considered safer, and there are not the same difficulties in cashing them.

No. 14.—For this treasury, silver can always be had from Calcutta or Bhaugulpore by rail.

No. 15.—Not in consequence of indents not having been complied with, but it has happened that notes of large value could not always be given when asked for, as they were not in the treasury; but they might have been there, and would have been indented for, but it was known indents for notes of large denominations would not be complied with.

No. 16.—On one occasion, notes of Rs. 10, 20, and 50, to the amount of Rs. 5,000, were indented for, but only Rs. 1,600 worth were sent. The Accountant General, on being asked for the balance, merely replied—"the supply that you have already received will, it is presumed, "suffice for your requirements at present." No further reasons were assigned.

No. 17.—Rs. 16-4 to Rs. 16-8.

No. 18.—Rs. 10-2 to Rs. 10-4.

No. 19.—Not known from the English sovereign.

No. 20.—Yes, slightly.

No. 21.—Because the people are fond of gold, and it is not so readily obtainable in the Mofussil.

No. 22.—Yes, for hoarding and making into ornaments, not for circulation.

No. 23.—Yes.

No. 24.—Most certainly.

No. 25.—Yes, I think it would.

No. 26.—Yes.

No. 27.—I have had no opportunity of consulting large dealers; but I think they would prefer silver, gold, and paper, particularly if there are greater facilities for cashing the latter.

No. 28.—Bar gold is not known here.

No. 29.—Not much used as means of currency.

No. 30.—Akbury, Joynogoree, Furruckabadee, Alumshae.

No. 31.—Some times.

No. 32,—But generally bear an artificial value according to their age and the place where they were struck.

From the Collector of Rajshahye,—dated the 20th March 1866.

With reference to your Circular of the 16th ultimo, on the subject of Government Paper Currency, I have the honor to submit the following answers.

No. 1.—Government currency notes are readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—There has been no depreciation in the value of currency notes.

No. 3.—Scarcely any facilities are afforded by officers in charge of Government treasuries for the exchange of currency notes for silver, and *vice versâ*.

No. 4.—Sufficient facilities might be afforded, if the treasury officers were directed to receive notes for silver and silver for notes from *all* parties applying for the same.

No. 5.—I do not consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and I would not retain it.

No. 6.—I would neither propose to increase the number of circles, nor keep the present number of main circles.

No. 7.—I would decidedly prefer the plan of having one universal note for all India, to be convertible at all Presidency towns and at all district treasuries. I have consulted a large number of respectable merchants and other people of this district. They have all unanimously stated that they would certainly place more confidence in one universal note to circle notes.

No. 8.—I would propose a note of the value of 5 rupees, because I consider a Paper Currency of any value preferable to rupees. The poorer classes need not accept it, if they find it difficult to exchange.

No. 9.—Five-rupee notes would have a larger currency in course of time than notes of a greater value, provided no discount was taken by shroffs when exchanging them.

No. 10.—Notes are much used by the shroffs and Native bankers for purposes of remittance.

No. 11.—It is the practice of the shroffs and Native bankers to exact discount in almost all cases of cashing notes.

No. 12.—The shroffs and Native bankers do not ordinarily buy up the notes at a discount for the purpose of sending them to the head quarters of circles for encashment.

No. 13.—The shroffs and Native bankers do not prefer the note to hoondees for purpose of remittance, because the former may be liable to loss, while the latter are considered a safer medium for remittances.

No. 14.—Should my silver reserve run very low, owing to a large number of currency notes being presented for cash, I should write to the Accountant General on the subject, who might direct one of the nearest district treasury officers to remit me silver to meet demands. The remittance from Calcutta might be despatched by steamer or rail as far as Azimgunge, and from thence to this station by carts. The road is very indifferent, and repairs cannot be effectually made for want of funds.

No. 15.—My treasury has been on many occasions unable to meet the public demand for Paper Currency, in consequence of my indents for notes not having been complied with.

No. 16.—This question can be answered by the Accountant General.

No. 17.—The average value of the Government gold mohur in this district is Rs. 15-6 a piece.

No. 18.—The average value of the English sovereign is Rs. 10-6.

No. 19.—The Australian sovereign is not known or current in this district.

No. 20.—The coins mentioned in paragraphs 17 and 18 always bear a higher value in Mofussil than in the Presidency towns.

No. 21.—Because such coins are seldom brought here, but for sale and profit.

No. 22 —I think the people are fond of gold for the purposes of hoarding and circulation.

No. 23.—The Natives would like Gold Currency.

No. 24.—Gold coins of 15, 10, and 5 rupees are likely to find more favor in their eyes than notes of like value, excepting in cases of remittance.

No. 25.—Gold Currency may help the establishment of a Paper Currency for reasons alluded to in your letter.

No. 26.—Gold Currency will certainly assist the outlying treasuries in ensuring the convertibility of the note.

No. 27. —The shroffs and dealers on currency would certainly be glad to see silver, gold and paper being simultaneously made current.

No. 28.—Bar gold does not circulate in this district.

No. 29.—Native gold mohurs are not used here as means of currency.

No. 30.—Shah Alum, Badshahye and Government; old and new gold mohurs are occasionally sold here.

No. 31.—They seldom pass for intrinsic value.

No. 32.—They always bear an artificial value according to their respective denominations.

From the Deputy Commissioner of Ramree,—dated 13th March 1866.

In reply to your Circular dated the 16th ultimo, I have the honor to reply to the several queries therein put.

Nos. 1 and 2.—Government currency notes are very rarely seen in the hands of the Natives of this country. They are occasionally used as a means of remittance by the Natives of India in those districts where privilege transfer receipts are not granted at the treasuries. Notes of small value are generally cashed at par. There would be great difficulty in cashing notes of a higher value than Rs. 100, there being no wealthy inhabitants in this district.

Nos. 3 and 4.—No currency notes have ever been cashed at this treasury.

Nos. 5, 6, and 7.—The currency notes will never be generally accepted by the people as long as the present system of circles exists; one universal note, convertible at any treasury, would be the only description likely to obtain general circulation. The Natives will have no confidence in a note that they cannot cash at the nearest treasury.

Nos. 8 and 9.—A note of the value of Rs. 5 would, I think, be but little used; such a small sum is usually remitted by postage stamps.

Nos. 10, 11, 12, and 13.—There are no shroffs nor Native bankers.

No. 14.—The reserve might be reinforced by remittance from the Akyab Treasury.

Nos. 15 and 16.—No indents for notes have ever been sent.

Nos. 17, 18, 19, 20, and 21.—Government gold mohurs and sovereigns are unknown in this district.

No. 22.—Gold is extensively used for the purpose of hoarding, but not for circulation. The people of this country, as a rule, never profitably invest their money; they purchase gold, the best, at Rs. 25 a tickle, and convert it into ornaments, or bury it in the ground.

No. 23.—Sovereigns and half sovereigns would be generally acceptable to the people. A small supply has been indented for from this treasury. Should these gold coins become a legal tender, they will be most eagerly sought after by the Natives.

No. 24.—Decidedly, because gold is intrinsic value.

No. 25.—If the notes are of small value, the Gold Currency will not assist the establishment of a Paper Currency; if of large value, it will assist.

No. 26.—If the gold coins are made legal tender, it would assist.

No. 27.—There are none whose opinions I can ask.

No. 28.—Gold does not at present circulate. It is usually tested by the color left on a black stone used for that purpose.

No. 29.—No Native gold mohurs are found, except in the hands of a few Natives of India.

Nos. 31 and 32.—No coin without the Government stamp would pass for intrinsic value.

I trust that my replies may prove of some slight service to the Commission.

From the Accountant General of Rangoon,—dated the 19th March 1866.

I have the honor to enclose my replie to the queriess contained in your Circular dated 16th ultimo.

No. 1.—Government currency notes are received and paid away by the richer inhabitants of Rangoon at their full value; but they do not, as a rule, circulate at par among the community generally.

No. 2.—The cause of their depreciation is that they are not a legal tender in British Burmah, there being no office of issue in the province. The Branch Bank of Bengal here, who put the notes into circulation, made a habit, up to January last, of receiving them at par from their constituents. To others, a charge of one per cent. was made. One per cent. may, therefore, be considered as the average rate of discount up to January last. Since that date, owing to the bank's refusal to cash any currency notes, the discount has risen to 1½ and 2 per cent.

No. 3.—None, as British Burmah is not included in any circle of issue.

No. 4.—*Vide* answer to No. 6.

No. 5.—I consider that the division of India into circles, with a separate note for each circle, is not an arrangement the best calculated to promote the reception of a Paper Currency; but under present circumstances, with no very rapid means of communication between the Presidency towns, it is perhaps the best that could be adopted, and I would, therefore, retain it for the present.

No. 6.—I would retain the present number of main and branch circles, but establish in addition offices of sub-issue at all local treasuries. For instance, in British Burmah, I would make Rangoon an office of issue, that is to say, head office of the branch circle of Burmah, with Akyab, Moulmein, Bassein, and other treasuries as offices of sub-issue. Notes issued at any of the last-named places would be convertible on demand at the place of issue, at Rangoon and at Calcutta, but not at other than their own local treasury. This is all that the public, I think, would require. No inconvenience, moreover, need be apprehended by Government, for whilst district notes would be convertible at the provincial and imperial capitals, that is, Rangoon and Calcutta, holders of notes issued at the latter places could not demand silver for them at any of the local treasuries. The refusal to cash such notes would not, I think, cause inconvenience to the Native community generally, as it would always be discretional with the treasury officer to issue silver for them, if he was satisfied that they had not been remitted for commercial purposes only. By this arrangement every villager, being a note-holder, would be sure of the convertibility of his paper, whenever he chose to send or go to the head quarters of his district, not by any means a difficult undertaking, as every village must have more or less frequent communication with its principal town.

No. 7.—If one universal note for all India were introduced, there could not be above six or seven places where the note would be convertible; for, if Government were bound to exchange notes for cash at any places other than those easily accessible from the Presidency towns, it would be within the power of a few individuals at any moment to swamp a treasury. Any plan that would not allow of notes being convertible on demand at some place within a reasonable distance of the holder's residence, must utterly fail in obtaining the full confidence or even the

liking of the Natives. It has been the fashion, I know, to say that the note circulation in India has been a failure; but, taking into consideration the utter absence of facilities for cashing notes in the provinces, I cannot but look at the present circulation as rather a success than otherwise. If the same opportunities for the exchange of notes existed in India as are available in England, I believe paper would be as gladly accepted in one country as the other. To show the disadvantages that people in this country labor under, when accepting a Paper Currency, I give the following figures, which, I believe, are accurate. In England and Wales, with an area of 57,960 square miles, there were in the year 1858 the following banks of issue and their branches :—

Bank of England	1
Provincial banks No. 1 issuing their own notes	63
Ditto No. 2 issuing Bank of England notes	9
Total offices of issue	73

Branches of Bank of England, number not known.

Ditto of provincial banks No. 1	338
Ditto of ditto No. 2	83
Total offices of exchange	421
Total of offices of issue and exchange...	494

In the Bengal Presidency in 1866, with an area of 328,355 square miles, there were—

Offices of issue	3
Treasuries where notes are received but not exchanged	117
Total of offices of issue and acceptance (not exchange) ...	120

that is to say, in England there is one office of issue where silver can be demanded in every 794 square miles, while at one place in every 137 square miles, change is willingly afforded. In Bengal, on the other hand, rupees can be demanded at one place only in every 109,455 square miles, while notes will be accepted in payment of revenue only in not more than one place in every 2,891 square miles, and even in that one place, the officer in charge does not profess to exchange or make a practice of exchanging notes for silver. In other words, an Englishman at home has to go an average of say 14 or 15 miles to demand as his right silver for his note. In Bengal, a ryot must travel an average of say 170 miles to attain his object. When, in addition to this, it is borne in mind that an Englishman is not, in point of fact, required to travel his 15 miles, because he can always exchange his note at an average of say 6 miles, there cannot be much doubt as to the cause of the circulation in India being principally confined to the Presidency towns. It can be said, without any exaggeration, that a resident in Bengal has, on an average, to go nearly 30 times as far as a resident in England to get his note cashed. An increase, and a large increase too, to the offices of issue throughout India is the only plan, in my opinion, to make Paper Currency popular with the Natives. People in England would not take notes if they were subjected to the same inconvenience as Natives here are, and I do not understand why more should be expected from Natives than from Englishmen under similar circumstances. I do not for one moment believe that it is want of confidence that prevents Natives from willingly accepting notes; it is want of facilities for cashing them that is the barrier to their general circulation.

No. 8.—No, as I do not think that a note of such small denomination would be valued by the Natives.

No. 9.—No, I do not think it would have.

No. 10.—Not much, as they are little known out of Rangoon.

No. 11.—Yes.

No. 12.—It is believed they do not.

No. 13.—Hoondees are almost unknown in British Burmah, and notes are perfectly useless except at the four ports. Where both are so little used, it is difficult to say which has the preference.

Nos. 14, 15, and 16.—Not applicable to British Burmah.

No. 17.—The Government gold mohur is unknown in Rangoon.

No. 18.—English sovereigns sell generally at par or a slight premium, though Shans and up-country traders, on returning to their homes, give as much as 8 annas premium for them on account of their portability.

No. 19.—The same remark applies to Australian sovereigns. The Burmese, and other resident races, with the exception of Indians, make no distinction between the two coins.

Nos. 20 and 21.—I am not aware.

No. 22.—The Burmese are fond of gold for hoarding and circulation. In February last, I obtained the consent of the Chief Commissioner to take over three thousand Australian sovereigns from the Bank of Bengal at par for distribution among the treasuries where it was known that gold would be acceptable. Reports have come in from Bassein, Myanung, and Thayetmyo: 202 were paid away in the last 16 days of February at Bassein, 266 more in the first 13 days of March, "and the demand for them daily increasing;" 165 in 14 days at Myanung, and 70 in 10 days at Thayetmyo. Besides these, 800 have been disposed of in Rangoon from the treasury balance in the present month, the agent of the bank having misapprehended the object of the purchase, supposing that those remaining at the treasury here were available for issue to the public of Rangoon.

No. 23.—Decidedly.

No. 24.—Yes.

No. 25.—I think it would have the effect of putting out of circulation nearly all notes of a less value than Rs. 50. I do not see how it would help the establishment of a Paper Currency.

No. 26.—Not in British Burmah, where carriage is invariably by water.

No. 27.—They say that a Silver and Gold Currency would be preferred by the people of the interior, but that paper, gold, and silver would be most acceptable in the large towns.

No. 28.—No.

No. 29.—No, not at all.

Nos. 30, 31, and 32.—Not applicable to British Burmah.

From the Extra Assistant Commissioner in charge of the Rawul Pindee Treasury,—dated the 12th March 1866.

As directed in your Circular under date the 16th ultimo, I have the honor to subjoin answers to the following queries.

No. 1.—No.

No. 2.—The reason is, because, according to the terms of Section 8 of the Act, the notes are only payable at the office of the circle of issue, which, for the Punjab, is at Lahore. The average rate of discount charged by mahajuns and shroffs of Rawul Pindee is four annas per cent. on notes exceeding Rs. 100 in value, and one rupee per cent. on notes of smaller denominations.

No. 3.—Silver is not given for notes at local treasuries, except when tendered by travellers in small quantities, but silver is always received for currency notes in store at the

treasury. By silver I mean Government rupees, not silver bullion or foreign silver coin, which, according to Section 9 of the Currency Act, is only receivable at the office of the circle of issue.

No. 4.—The facilities for exchange of the notes for rupees and rupees for notes are not sufficient. The former is restricted to a limited amount in favor of *bonâ fide* travellers only, and the latter is dependent upon the compliance with indents for notes by the Accountant General.

No. 5.—Yes.

No. 6.—I would keep the present number of main circles, but I would establish offices of sub-issue *and payment* at the following treasuries :—

1. Delhi.	5. Mooltan.
2. Hissar.	6. Rawul Pindee.
3. Umballa.	7. Dehra Ismael Khan.
4. Jullundur.	8. Peshawur.

Payments should be restricted at each treasury to Rs. 50,000 a month, and there will, I think, be no necessity to retain any special cash balance at these treasuries to meet the expenditure, provided the present system of granting supply bills at par to merchants and others on certain treasuries in the Punjab be stopped: for I think that, if supply bills be no longer granted, the expenditure of cash in paying notes during the month will be more than counterbalanced by the income resulting from the sale of notes to bankers, mahajuns and others for remittance purposes. During the past ten months, from May 1865 to February 1866, the Rawul Pindee Treasury has drawn supply bills on Punjab treasuries as follows :—

Delhi	Rs.	1,53,221
Ferozepore	„	79,900
Jullundur	„	59,150
Kangra	„	4,200
Lahore	„	1,35,000
Loodiana	„	20,400
Shahpore	„	2,000
Umritsur	„	1,63,300
Umballa	„	6,800
Total	Rs.	6,23,971
Average monthly income	„	62,397

No. 7.—I would not recommend one universal note.

No. 8.—There is at present no necessity for a 5-rupee note. The 10-rupee note is small enough.

No. 9.—No.

No. 10.—Yes; extensively when they can get them.

No. 11.—Yes; in all cases.

No. 12.—Yes; if they cannot dispose of them on the spot.

No. 13.—They prefer hoondees to notes simply because they can obtain a duplicate of the former if they be mislaid or lost.

No. 14.—This question is, in the present state of things, applicable only to the head office at Lahore, where, according to Section 8 of Act XIX of 1861, notes are exchanged for silver; but if this treasury should ever be formed into an office of issue and payment, it can at all times be supplied with cash from Lahore, between which place and Rawul Pindee there is a very good road, and the distance (167 miles) is traversed by Government horse vans in twenty hours.

No. 15.—Yes; on several occasions this treasury has been unable to meet the public demand for notes.

No. 16.—That notes of 1,000 and 500 rupees each were no longer to be supplied under orders of Government, for which a greater demand existed than for notes of lower denomination.

No. 17.—Rs. 15 each.

No. 18.—Rs. 10-4 each.

No. 19.—Not known at this place.

No. 20.—Yes.

No. 21.—The cost of transit and the limited supply of it in the bazars.

No. 22.—The merchants are fond of gold for the purposes of circulation, as the carriage of it beyond our territories is less expensive than the carriage of silver, and people unconnected with trade are fond of hoarding it, or of converting it into ornaments.

No. 23.—Very much indeed.

No. 24.—Gold coins are likely to find more favor in their eyes than notes generally.

No. 25.—I believe it would when the people become accustomed to the Paper Currency.

No. 26.—Certainly, if gold were a legal tender for notes of any value.

No. 27.—They would prefer a Silver and Gold Currency *without the Paper.*

No. 28.—Yes; they test it in the fire or on the touch-stone.

No. 29.—Yes, extensively.

No. 30.—1, Bokhara Tilla; 2, Belgian Ducat; 3, Jeypore mohur; 4, Mahomed Shahi mohur (Delhi); 5, Moorshedabad mohur; 6, Government mohur; 7, Russian Ducat (5 rouble piece).

No. 31.—No; they fluctuate.

No. 32.—They bear an artificial value according to their respective denominations.

From the Deputy Commissioner of Rawul Pindee,—dated the 14th March 1866.

With reference to your Circular dated the 16th ultimo, I have the honor to submit replies to the enquiries therein contained.

No. 1.—Government currency notes are not readily received and paid away at their full value, in private monetary transactions, by the Native community.

No. 2.—Because silver is only given for notes at the head office of issue at Lahore, and at no other Government office or treasury. The average rates at which notes are discounted at Rawul Pindee are four annas per cent. on notes of 100 rupees and upwards, and one rupee per cent. on notes of smaller values.

No. 3.—Silver is not payable from treasuries for notes, except to *bonâ fide* travellers, and that to a limited amount. Notes are always exchanged for silver on application, so long as there are notes in store.

No. 4.—These facilities are certainly not sufficient. In fact, no facility at present exists at all. To arrange this, it would be necessary to allow each local treasury to keep a certain sum in hand for exchange with notes, and to keep each treasury supplied with notes, such supply being regulated by the demand of the public.

Nos. 5, 6, and 7.—The plan, in my opinion, best calculated to promote the reception of a Paper Currency by the Native population, is to keep to the present number of main circles, with offices of sub-issue at all the chief local treasuries within each circle, where the note should be convertible on demand, as at the head office of issue of the circle. Notes would circulate from hand to hand, as they could at any time be converted into cash without difficulty or discount, and thus a liking and confidence in Paper Currency would be established amongst the Natives. To increase the number of circles, with a separate note for each circle, would confuse the Native mind. One universal note for all India would be looked on as too great a risk. In carrying out the plan above recommended, notes of other circles should be convertible on demand at the head office of issue of each circle.

Nos. 8 and 9.—A 5-rupee note would not have a larger currency than notes of a greater value.

No. 10.—Notes, particularly those of larger values, are much used by shroffs and Native bankers for purposes of remittance.

No. 11.—Shroffs and Native bankers always exact discount in cashing notes.

No. 12.—Native bankers buy up notes at a discount, and send them to head quarters of circles for encashment, if they cannot dispose of them on the spot.

No. 13.—They prefer hoondees to notes for purpose of remittance, because they can obtain a second of the former in case the first be lost.

No. 14.—Applications for cash, in case of the silver reserve running low, would be made to the Accountant General at Lahore. The distance is 167 miles, and can be traversed by horse van in 20 hours.

No. 15.—Our treasury has, on several occasions, been unable to meet the demand of the public for Paper Currency, in consequence of delay in compliance with indents. The head quarters of the Punjab Bank are at Rawul Pindee, and this bank constantly applies for notes.

No. 16.—The reason assigned for refusal to comply with indents is, that notes for 1,000 rupees and 500 rupees in value could not be supplied; the demand for these being greater than for those of lesser value.

No. 17.—The average value of the Government gold mohur in the bazars in the neighbourhood is Rs. 15.

No. 18.—Average value of English sovereign in the bazars here is Rs. 10-4.

No. 19.—The Australian sovereign has not been seen at Rawul Pindee.

No. 20.—The coins above-mentioned do, I think, generally bear a higher value in the Mofussil than in Presidency towns.

No. 21.—The limited supply.

No. 22.—Commercial people are fond of gold for circulation, as it is easier and cheaper to carry beyond our territories than silver. Non-commercial people are fond of it to be hoarded and converted into jewellery.

No. 23.—The Natives would decidedly like a Gold Currency.

No. 24.—Gold coins of any value would find more favor in their eyes than notes of equal value.

No. 25.—I much doubt whether a Gold Currency would help the establishment of a Paper Currency. Gold would most probably supersede the circulation of notes amongst Natives.

No. 26.—A Gold Currency would certainly assist outlying treasuries in ensuring the convertibility of the note.

No. 27.—The shroffs and bankers of Rawul Pindee would prefer a Silver, Gold, and Paper Currency to Silver Currency alone, or silver and paper as it at present exists.

No. 28.—The circulation of bar gold is exceedingly small. It is always tested by fire or the touch-stone.

No. 29.—Native gold mohurs are much used by Natives as means of currency in this neighbourhood.

No 30.—Their names are—

1.—Bokhara Tilla.
2.—Jeypore Mohur.
3.—Mahomed Shahi.
4.—Moorshedabad.

No. 31.—Their values fluctuate. They do not pass for intrinsic value.

No 32.—They bear an artificial value according to their respective denominations.

From the Officiating Deputy Commissioner, Roy Bareilly,—dated the 9th April 1866.

I was absent in the district when your Circular dated 16th February 1866 arrived; and I only returned on the day that Lieutenant DeMontmorency, who was in charge of the treasury, left for another district. He took your circular with him, in order to answer it, as he had collected materials for so doing. I had not seen the letter which he has returned with his own and Major MacAndrew's remarks, to which I have the honor to add my own.

Nos. 1 and 2.—I do not consider that the currency notes are readily received by the mercantile community. In the *first* place, it will take time to overcome their prejudice to change; *secondly*, there is the fear of their losing the notes, and the difficulty of their recovering the value should they be lost; and *thirdly*, the difficulty of converting them into cash. The bankers and mahajuns also, no doubt, think of the loss to them in discount for their hoondees, should notes be much used for remittances.

Nos. 3 and 4.—The remarks of Mr. DeMontmorency, and the correspondence alluded to with reference to Nos. 2 and 3, need no further comment from me. I here annex an account of the issues of notes for the past eleven months:—

Currency Notes Account from 1st May to end of March 1866.

	Number of Notes of the value of						Total Number of Notes.	Total Value.
	Rs. 10.	Rs. 20.	Rs. 50.	Rs. 100.	Rs. 500.	Rs. 1,000.		
								Rs.
Sent to tehseels	32	14	4	2	...		52	1,000
Sold to officers	282	254	188	294	15	15	1,051	69,230
Sold to talookdars	43	66	61	120	9	10	309	31,300
Sold to merchants and bankers	23	19	21	47	7	2	119	11,860
Sent to other districts	...	.	..	...	...	7	7	7,000
Sold to public	211	168	97	120	11	4	611	31,820
Total ..	594	521	371	583	42	38	2,149	1,52,210

Nos. 5, 6, and 7.—I quite agree with Major MacAndrew, that to make a Paper Currency popular with the Native community, the note should be an universal one, convertible at the principal towns fixed upon by Government. The difficulties and restrictions in converting the notes into cash, and of the notes being a legal tender only in their own circles, are, I consider, great obstacles to their circulation. The notes should be numbered in Hindee and Persian, as comparatively few of the Natives can, with certainty, read English numbers.

Nos. 8 and 9.—I do not think that the 5-rupee notes would have a large currency, and I would not propose their introduction.

Nos. 10, 11, 12, and 13.—I consider that mahajuns prefer hoondees to notes for purpose of remittance. They are not so liable to be stolen. Duplicates are procurable without much trouble, whereas the recovery of a lost note is attended with much trouble and loss of time. The hoondee is payable to a certain party, and would not be cashed without reference if there was any suspicion.

No. 14.—As remarked by Mr. DeMontmorency, there has never been a run upon the treasury for cash. I thought there would be a possibility of it at one time when several of the talookdars took loans from the Land Mortgage Bank, who sent them up notes to pay all their other creditors. Several of these notes did come to the treasury, but in payment of

Government revenue. The nearest point at which the rail passes is Futtehpore, about 34 miles. The Ganges runs between these two stations. Pertabghur and Sultanpore are the nearest stations from which we could expect a reinforcement.

Nos. 15 and 16.—Fully answered by Mr. DeMontmorency, as are also Nos. 17, 18, 19, 20, 21, and 22.—This is chiefly an agricultural district, and the people, in general, are very much in debt to mahajuns and bunneahs, and have nothing to hoard. Some of the taloukdars do doubtless hoard both silver and gold, and convert them into ornaments or bury them as a reserve.

Nos. 23 and 24.—I think gold coins of 10 and 5 rupees would be favorably received, but I see no occasion for a gold coin of the value of Rs. 15. The pieces for Rs. 10 and 5 would be received more favorably than notes to the same amount. I quite concur with Major MacAndrew in thinking that money orders issued by the post offices would be of great advantage, and would supersede the 5 and 10-rupee notes.

No. 27.—I think the larger shroffs and others would prefer Gold and Silver Currency, and their own hoondees for remittances.

No. 28.—As stated before, the people are generally too poor to use gold bars for circulation. I have seen them on two or three occasions, when the hoards of some of the late rebel leaders have been discovered.

From the Assistant Commissioner in charge of the Treasury, Roy Bareilly,—dated the 9th April 1866.

I regret that owing to my sudden transfer to another district, I am unable to reply so fully, or to give so much consideration to your Circular of 16th February as I could have wished.

2. I beg, however, to enclose a copy of a memorandum drawn up by Major MacAndrew, Settlement Officer of Roy Bareilly, a gentleman who has given much thought and attention to the question of a Paper Currency.

3. Before replying categorically to the questions contained in your Circular, I would say that information has been sought on many of them from respectable Natives of mercantile calling in the town. But I would add that Roy Bareilly contains few bankers or merchants with extensive dealings or business, and, therefore, the information so received may not be valuable.

Nos. 1 and 2.—No. *Vide* answer No. 5, and paragraphs 3—11 and 13 of Major MacAndrew's memorandum.

I will here add that it appears to me to be the interest of bankers and mahajuns to encourage the general want of confidence in, or liking for, the Paper Currency shown by the body of the Native population, and thus induce continuance of the system of remittance by *hoondees*. There is this further to be said that if a *hoondee* is lost in transit through the post, a duplicate can be granted; whereas a currency note, if lost in part or in whole, can be recovered or renewed only with great trouble and risk, if at all. Currency notes are not discounted in the Roy Bareilly Bazar.

No. 3.—With due consideration for my cash balances, I endeavour to afford every reasonable facility to the public for the receipt and issue of currency notes, and to show that this measure has been attended with what appears to me to be a satisfactory result, I subjoin copy of a letter addressed by me to the Accountant General, North-West Provinces:—

From LIEUT. R. H. DEMONTMORENCY, *Assistant Commissioner, Roy Bareilly, to the Accountant General, North-Western Provinces,—No.* 201, *dated the* 16*th February* 1866

"With reference to your memorandum, No. 3020, dated 13th instant, requiring explanation of the receipt of Rs 5,860 worth of currency notes from the public in January 1866, I have the honor to state that the notes were cashed only with my permission

"2. I submit that it would be very undesirable to impose any restrictions that are not actually necessary on the cashing of notes brought *bonâ fide* by the public. You will see that in December the issues nearly trebled the 'receipts,' so that the issues *that* month more than redressed the excess receipts in January.

"3. Between the months of May and December, the value of notes issued exceeded that of those received by Rs. 32,900.

"4. The growing confidence of the public in the Paper Currency would, I think, meet with serious check if we refused to cash notes."

No. 4.—On this subject, I beg to draw attention to Major MacAndrew's remarks (*vide* paragraphs 10, 11, and 12 of his memorandum). In a non-regulation province at least, a treasury officer has work of so varied and miscellaneous a character as to leave him little spare time to attend to what may be called extra official duties; and while you are engaged in endeavouring to eliminate the real merits of an intricate civil suit from the illogical and verbose pleadings of vakeels and the plausible lies of witnesses, or to get at the bottom of a heavy murder case, or to arrive at a conclusion as to what are "fair and equitable" rent rates, that will-o'-the-wisp of revenue officers, it is conducive neither to equanimity of temper and a judicial frame of mind, nor to keeping the point of the case before you, to find yourself constantly interrupted by importunate applicants for the cashing or the issue of notes. Compliance frequently involves extra* visits to the treasury, in order to get out the notes, and always gives more or less trouble,—trouble, which, viewed abstractedly, may not appear serious, but which practically is really vexatious when the many other and important calls upon an officer's time are taken into consideration. I quite understand that Government do not wish their treasury official's time to be devoted to the business of receiving and issuing currency notes. But it seems clear to me that public confidence in these notes can be begotten only of a readiness on the part of Government and of its officers at the outset to convert them. The late Mr. Wilson, I believe, said that for a Paper Currency to be perfect, its practical operation should be this—that the notes should be convertible everywhere but at the place of issue. To arrive at such a condition, the first step, I imagine, would be to throw at the outset no unnecessary difficulty in the way of converting, and thus to show that Government did not hesitate to receive back and to issue the medium it was endeavouring to introduce into general circulation. By this means, the public would become more ready than at present to make use of the Paper Currency.

* Under the present rules, a treasury officer in Oudh is not allowed to leave more than Rs. 5,000 in the treasurer's hands.

4.—But to facilitate the issue to, and receipt from, the public of notes, it would be indispensable to supplement the treasury establishment. The addition need be only temporary, as I think that as the notes settled down into general use and estimation, the condition mentioned by Mr. Wilson would be gradually attained, or at least approached, and the demands for conversion at the treasury would gradually become rarer.

Nos. 5 and 6.—No, I would have an universal note for all India.

I concur in Major MacAndrew's remarks on this point, with this reservation, that I conceive it not to be the desire of Government that notes should be extensively used at present as remittances for purposes of trade or banking dealings. For, in such case, and assuming treasury officers to be temporarily instructed to throw no unnecessary obstacle in the way of cashing notes presented at their treasuries, it might happen that large remittances in paper would be made to a station where the rate of exchange was adverse, and thus the treasury officer might find a sudden run upon his resources to such an extent as would compel him reluctantly to refuse to cash more notes until his treasury recovered itself. Such refusal would manifestly tend to check growing confidence, and thus would be a matter of regret.

No. 7.—I would have one universal note for all India legally convertible at the Presidency towns. But I would allow (as before mentioned) all treasury officers temporarily a discretionary power to cash any notes presented to them consistently with a due regard for the security of Government and the cash balances or requirements of their treasuries.

No. 8.—No. I think a gold 5-rupee piece would be preferable.

No. 9.—No.

No. 10.—No. *Vide* answers Nos. 1 and 2.

No. 11.—*Vide* answer No. 2.

No. 12.—Not at Roy Bareilly. There are no such bankers there.

No. 13.—No. *Vide* answer No. 2.

No. 14.—My silver reserve has never suffered. On the contrary, as shown in answer No. 3, my "issues" have exceeded my "receipts" of notes. If the treasury ran short of silver, I should inform the Accountant General, and suggest a reinforcement from Pertabghur (53 miles cutcha road).

No. 15.—No. The Accountant General has always readily directed notes to be sent to me whenever I have required any; and when I have an excessive number of notes of one denomination and require notes of another, I apply to the treasury officer at Lucknow to change the former for the latter, and I have always found him ready to accede to my requisition.

No. 16.—Answered above.

No. 17.—Rs. 15.

No. 18.—Rs. 10.

No. 19.—None in bazars.

Nos. 20 and 21.—No. There is no demand for them in the Mofussil.

No. 22.—The people of this district are, for the most part, an agricultural population. The cultivators are improvident, living from hand to mouth, and frequently deep in money lenders' books. I am informed that the well-to-do zemindars and taloukdars convert silver and gold coin into ornaments, &c., or bury it as a reserve against evil days or for the benefit of their descendants or families. But others there are who invest their money in Government promissory notes or some one of the many banking corporation or limited liability speculations which have sprung up of late all over the country.

Nos. 23 and 24.—Yes. *Vide* Major MacAndrew's remarks (paragraphs 14 and 15). I am also informed that the metal-gold is viewed by the Hindoos as holy, and there are considerations of religion connected with possession of it.

Nos. 25 and 26.—I think there is much force in Major MacAndrew's observations on this point; *vide* his paragraph 17.

No. 27.—I believe they would prefer gold and silver, and I am informed they might occasionally, for purposes of their own remittances, welcome paper. But as argued in answers 1 and 2, I do not think they would like to see the general public making remittances in notes and not by hoondees.

No. 28.—I am informed that bar gold can hardly be said to be in circulation. Its purity is roughly tested by rubbing on a piece of stone called *kussowtee* or by fire. The gold is paid for by weight and according to its description or class.

No. 29.—The country-coined gold mohurs are, generally speaking, of very pure gold, and are, therefore, much used for ornaments. They also form a subject of speculation by petty mahajuns or bankers.

No. 30.—The names of the gold mohurs are—

			Rs.	As.
1.	Jeypore	Value	15	12
2.	Delhi	„	15	10
3.	Surkaree Ashurfee—			
	1st sort	„	19	0
	2nd „	„	18	0
4.	Lucknow	„	14	12

No. 31.—These gold mohurs do not pass according to intrinsic value. The rates of convertibility rise and fall, and thus give them an artificial and variable value.

Memorandum by MAJOR MACANDREW, *the Deputy Commissioner and Settlement Officer.*

1.—Having been requested by the treasury officer to give my opinion upon the questions asked in the Currency Commission's Circular of the 16th February 1866, I have now the pleasure of doing so in regard to questions 3 to 9 and 22 to 26 inclusive. The others can be answered only after enquiry in the town and district.

2.—I am decidedly of opinion that one universal note for all India is requisite, that it should be convertible by law only in the Presidency towns, and that, in order to give it a start and to create public confidence in the currency, treasury officers should be instructed to cash it freely as far as the requirements of their treasuries would permit. The budget system makes every officer aware of the income and liability of his treasury, and, while he should be held responsible for keeping cash enough to meet all requirements, he should be enjoined to afford every facility for cashing the notes that he safely can.

3.—It appears to me, what is required is the general convertibility of the note on the spot. No amount of circles or offices of sub-issue can effect that. It makes little difference to a man at Roy Bareilly wishing to cash a note whether he can do so at Calcutta or Allahabad. Supposing Government had an office of sub-issue every hundred miles, and so many could scarcely be contemplated, if a man wanted to change a note and could only get it done there, the inconvenience would operate as a restriction on the currency. The way to ensure the convertibility of the note is to make it as perfect a medium as possible, to give it as large a range of circulation as the coin.

4.—The note of one of our present Mofussil circles is not a legal tender except in that circle, but as it is convertible at the Presidency, it is also used for remittance to the Presidency. The note is not, however, a legal tender there, and cannot be put in circulation, so that if the balance of remittances is in favor of the Presidency and against the circle, the note will not be returned as a remittance in the course of trade, but will have to be sent by the Government to the circle to be again issued in lieu of cash.

5.—But if the note was an universal one, it could be put in circulation at once at the Presidency, or, in fact, it could never be presented to be cashed at all, but circulate as money in the usual course of trade.

6.—Moreover, at present the notes are useful as remittances only within their circles and to their Presidency; were they universal, they could be used as remittances to every part of India, and, being a legal tender wherever they arrived, it is not to be doubted that this circumstance would give them a great attraction which they do not at present possess.

7.—It seems almost unnecessary to point out the great advantage an universal note would be to travellers of all kinds. It is so obvious that merely to allude to it is sufficient.

8.—There is one other objection to circles with separate notes which occurs to me, but in regard of which I would speak with diffidence. It appears to me, however, that the trade of the Mofussil is of a much more limited and less speculative kind in the long run than that of the Presidencies, and in consequence there is not that sudden pressure for money in the former that is often experienced at the great centres of trade. When such a pressure does occur, the tendency of the Mofussil is to remit to the Presidency to meet the demand, and if the remittances are large and in circle notes, as they are not a legal tender at the Presidency, there is a run on the Currency Commissioner's office to cash them, and as at present a larger proportion of Government securities than cash is held against notes by the Currency Department, it might be necessary for Government to send securities into the market to realize the means of converting the notes at a ruinous sacrifice.

9.—Now, a general note meets this difficulty in two ways. In the *first* place, the remittances spoken of, being a legal tender, are not so likely to be cashed, since they can be used as they are for the purpose required, so long as that purpose is not to send money out of the country; and *secondly*, the increase of the circulation of the notes, which may be reasonably expected to follow the greater confidence which would attach to them in the Mofussil,

where there is less probability of a run to cash them, would put the Government in a better position to meet the demands of the Presidency towns.

10.—I have stated it as my opinion that to enjoin treasury officers to cash the notes as far as they safely could, without giving the holders the right to demand cash for them except at the Presidency towns, would be sufficient to give the public confidence in the paper, and to make it readily convertible at par in every bazar; but to enable treasury officers to do so, some establishment beyond what they at present have is necessary. Moreover, it would be imperative for the Financial Department to frame its instructions on the subject so as to give the treasury officer the minimum of personal trouble in the matter, consistent with the due security of Government and the attainment of the object aimed at. I am afraid this is a consideration which meets but scant attention at the hands of that department.

11.—It must not be forgotten that treasury officers have a deal of other work to do, and if this duty is made very onerous to them, there is an irresistible tendency for them to perform it perfunctorily, and thus disgust those who have to wait with the notes. I have heard this made a subject of complaint by the Natives even where the treasury officer was willing to cash the note eventually.

12.—To meet the necessary expense, the abolition of the circle establishments would form a fund, and even if there should be an increase of expense, the interest on the Government securities is surely ample to meet it. By and by, when public confidence in the currency was fully established, in all probability notes would be but rarely taken to treasuries to be cashed, and the Government might see its way to abolish establishments sanctioned only for a temporary purpose.

13.—Complaints are made by the Natives that the numbers of the notes are printed only in English, and they have a difficulty in finding out what they are. This is obvious, and can be easily remedied.

14.—With regard to a Gold Currency, I am of opinion that it would be much liked by the people. Coins representing Rs. 10 and Rs. 5 are what are wanted; a coin of the value of Rs. 15 is, I think, not requisite. If it should be determined to issue a Gold Currency, I think it should be inaugurated by a large issue of half sovereigns or of a new coin of the value of Rs. 5. This coin would meet an immense variety of transactions in which a 10-rupee piece would never be used. In fact, a 5-rupee piece would come within the ordinary monthly wages of skilled labor, and in the payment of that alone would find an extensive medium of circulation.

15.—I think a gold coin of the value of Rs. 5 much preferable to a note for the like sum, and if a gold coin for Rs. 10 were made a legal tender, perhaps it would be advisable to withdraw the notes of that denomination from circulation; but, seeing the advantage they afford the public in the way of remittance, I think the establishment of money order offices in connection with the post office should precede the latter measure.

16.—There is no doubt that the people have a strong passion for hoarding, gold especially, and, beyond question, in the commencement of the circulation of a Gold Currency, much of the coins would disappear; but as the wants of the hoarders became satisfied, the coin would remain in circulation and prove a great general convenience, besides a saving of much money in carriage to those who had to transmit it from place to place.

17.—I am of opinion that a Gold Currency would assist in making notes convertible, because they could be changed with so much less trouble. If a man wanted to make a remittance of Rs. 10,000, and applied at the treasury for the notes, it stands to reason that if he brought gold for them, the changing of the coin into notes could be completed in a very much shorter time than if he brought silver. I do not see why "gold should be held in reserve by traders and others while the notes circulated." The notes circulate on the security of the Government, and the coin held by it on their account, and no trader would provide a store of gold on their account. If he held gold at all, it would be in obedience to the Native desire to hoard only.

18.—I have confined myself to the questions asked by the Commission; but in the event of a Gold Currency being established, the propriety of reducing the Silver Currency to a token coinage would have to be considered, and the question of the copper coinage is in its way equally imperative.

From the Collector of Rutnagherry,—dated the 3rd May 1866.

In accordance with instructions received from the Government of Bombay, contained in the Chief Secretary's printed letter, No. 226 of the 5th March last, copy of which was forwarded to me, I have the honor to reply in order to the thirty-two questions put in your printed Circular dated the Treasury, Calcutta, February 16th, 1866. As these questions have been printed, and I shall answer them all in order, it is unnecessary for me to repeat the questions here.

No. 1.—Government currency notes are not readily received and paid away by the Native community in their private monetary transactions, but only in a few large towns, and here even they do not pass at their full value.

No. 2.—The reason of their depreciation is, that they are not readily cashed at any time and in any place. The discount charged is from 4 annas to 1 rupee, or even 2 rupees per cent.

No. 3.—Every facility is afforded by officers in charge of Government treasuries for the exchange of currency notes for silver, and *vice versâ*, agreeably to the notification of the Government of India, No. 43, dated 19th March 1862, published at page 548 of the *Bombay Government Gazette*, dated 3rd April following, and in conformity with the instructions of the Government of India, conveyed in their letter to the address of the Head Commissioner of Paper Currency, No. 1792, dated 8th August 1865, an extract of which has been received in this office with the Bombay Accountant General's memorandum of the 19th idem, No. 1059 The instructions run thus:—"And, of course, there is no objection to an exchange of small notes for silver at local treasuries when required by private individuals for remittances on account of their private affairs, but Government must decline affording any such assistance when required for the purpose of trade or commerce."

The orders conveyed in the notification above cited are of the same purport.

No. 4.—These facilities appear as great as could be rendered without too much increasing the work of the Government treasuries; but it will be long before Native bankers and merchants in these parts will cash these notes readily for those who need cash for them, and, therefore, if it is desired to force on their circulation, it is necessary that Government treasuries should be made places where any one who wishes can get cash in exchange for notes. To such a measure, however, there would be strong objections. I do not see, therefore, what further facilities can be rendered.

No. 5.—I do not consider the present arrangement of circles, with a separate note for each circle, calculated to promote the reception of a Paper Currency, and if financial considerations would allow a change, I would not retain this system.

No. 6.—I would have, if possible, one note for all India, convertible, under certain restrictions, at every Government treasury in the country. The chief use of such a note in these parts would be, I imagine, to enable persons proceeding on long journeys to distant parts of India to carry their money with them in a portable form, and for this, of course, they cannot be used, as long as a note is not convertible out of its own circle. There would, however, be, I should think, great, if not insuperable difficulties in the way of such an arrangement. It would be necessary that the cashing the notes at every treasury, though allowable at the discretion of the officer in charge of each treasury, should only be obligatory at the Presidency treasuries and a few others specially fixed on.

No. 7.—I have replied above to this question.

No. 8.—I hardly see any reason for having notes of the value of 5 rupees.

No. 9.—Notes of the value of 5 rupees would be used occasionally in smaller transactions where 10-rupee notes would not be used; but I do not consider they would, on the whole, have a greater currency than notes of a higher value.

No. 10.—Notes are little used by shroffs and bankers for purposes of remittance from the fear of their being lost in transit.

No. 11.—Shroffs and Native bankers never cash notes without exacting discount, and those shroffs only who have agents in Bombay will cash them at all, for until they are cashed in Bombay, they lose interest on the money advanced.

No. 12.—Shroffs and Native bankers are not known to buy up notes at a discount (unless they are tendered to them for sale) for the purpose of sending them to the head quarters of circles for encashment.

No. 13.—Shroffs and Native bankers, I believe, much prefer the hoondee to the note as a means of remittance, because of the great risk from the probability of the latter being lost on the road.

No. 14.—If the cash supply in the Rutnagherry Treasury were to fall low, there are no facilities whatever for replenishing our reserve either by rail or road, as there is not even at present a single road connecting Rutnagherry with any other town whatever. There are, however, steamers that ply between Rutnagherry and Bombay during eight to nine months of the year, and in case of emergency, we should look to getting supplies by them from the Bombay Treasury.

No. 15.—Our treasury has never been unable to meet the public demand for Paper Currency, as the demand is very slight in this district.

No. 16.—No answer required.

No. 17.—The Government gold mohur is not found in our bazars.

No. 18.—Neither is the English gold sovereign.

No. 19.—Neither is the Autralian gold sovereign.

Nos. 20 and 21.—I have no practical acquaintance with the subject of these questions.

No. 22.—People are fond of hoarding gold, and especially of accumulating old gold coins by way of ornaments to be worn by their females. They are not so fond of using it for circulation.

No. 23.—The Natives would like a Gold Currency, I believe, if they were rich enough to have much occasion for it.

No. 24.—Gold coins would, I think, probably find much more favor than notes of equal value in their eyes.

No. 25.—A Gold Currency would, I believe, help the establishment of a Paper Currency; but this is only my own opinion on the subject, there being few around me who can render any assistance in forming a conclusion on this question.

No. 26.—A Gold Currency would certainly assist outlying treasuries in ensuring the convertibility of their notes, 1,000 rupees in gold being more readily carried on coolies' head over roadless hills than the same sum would be in silver.

No. 27.—Dealers and large shroffs would, I believe, prefer to have a Gold, a Silver, and a Paper Currency combined, provided they had perfect facility for changing the paper into gold or silver whenever they wished.

No. 28.—Bar gold circulates a little in this district. Its purity is ensured by testing it when it changes hands. This is rudely done by rubbing it on a stone.

No. 29.—Native gold mohurs are not, I believe, at all used in this district as a means of currency, but only sold by weight as ornaments, a some what higher price being some time paid according to the device on them.

Questions 30, 31, and 32 require no further answer.

From the Deputy Collector, Saharunpore,—dated the 2nd March 1866.

I have the honor to acknowledge the receipt of your Circular of the 16th ultimo, and with reference to the instructions therein contained, beg to submit the following answers to the several questions.

Nos. 1 and 2.—Not at present, unless at a discount at the market rate of the day for the place on which the note is payable. The reason of their depreciation is, that notes are only convertible at Allahabad and Calcutta.

No. 3.—No currency notes are exchanged for silver, except those presented by travellers for small sums; and they are received also in lieu of cash in payment of Government revenue or other public demands.

No. 4.—These facilities are not sufficient. To render the notes of greater utility, and to give them wider circulation, all notes for small sums, say from 10 to 100 rupees, should be exchanged for silver wherever presented, irrespective of the party being a traveller passing through; but the indulgence might, for the present, be limited to persons who had received such notes in payment of money due to them, or sent to them as a remittance by a party who was not entitled to get a privilege transfer note from a Government treasury. All parties applying for currency notes are supplied with them on paying their equivalent in silver; but, as yet, few Natives appear as applicants, owing to the restriction that they should not be issued for purposes of remittances to Calcutta, and the difficulty attendant on their convertibility.

No. 5.—I would retain the present arrangement of circles, but would establish offices of sub-issue at the chief local treasuries within each circle, where the note should be convertible on demand as at the head office of issue of the circle.

Nos. 6 and 7.—For the North-Western Provinces, I should think Meerut, Agra, and Benares might be constituted into offices of sub-issue. I would prefer the plan of one universal note for all India, which I think offers advantages of a two-fold nature, *first*,—the reduction of the expenses of separate circles; and *secondly*, the concentration of business, while the convertibility of the notes at the Presidency towns, and at certain specified treasuries, which should be one in each Commissioner's division, would afford facilities for the convenience of the public, and enhance the demand for notes. This plan is one which would best insure the confidence and suit the liking of the Native commercial community, and generally all Natives, as being more simple than a plurality of circles.

Nos. 8 and 9.—I would not propose a note of the value of Rs. 5, as so small a sum is easily carried in coin by travellers, and there would be little or no demand for it among the Natives.

No. 10.—Notes are sparingly used for purposes of remittance, except when bills of exchange are at a discount, and are required on a station where the note can be converted.

No. 11.—The practice of the shroffs and Native bankers is to exact discount in all cases of cashing notes, according to the exchange of the day for the place in which the note is convertible.

No. 12.—Yes; the shroffs and Native bankers buy up notes at a discount for the purpose of sending them to the head quarters of circles for encashment, but rather for the convenience of the seller than with any banking object.

No. 13.—No; they do not prefer notes to hoondees for purpose of remittances, as they consider that the former involve a much greater risk if lost in transit or stolen.

No. 14.—If our silver should run short owing to a large number of currency notes being presented for cash, we could telegraph to the Accountant General, North-Western Provinces, Allahabad, to obtain a supply from Moozuffernuggur or Bijnore, in which treasuries there is generally available specie, and would perhaps defer payment till our resources were replenished

but I do not anticipate such a contingency in this district for the present; but, when the railway line opens out, and the present restrictions are relaxed, such a contingency might be possible.

No. 15.—No; all our indents have hitherto been complied with.

No. 16.—*Vide* above.

No. 17.—The average value of the Government gold mohur is about Rs. 14-12.

No. 18.—The average value of the English sovereign is Rs. 10.

No. 19.—There are no Australian sovereigns here.

Nos. 20 and 21.—Yes; the coins above-mentioned bear a higher value in the Mofussil, bazars than in the Presidency towns, as they are received in the former from the latter, and the exchange is governed by the rates ruling there, 2 annas being generally the difference; for instance, if the value of the coin is Rs. 10 in a Presidency town, it will be Rs. 10-2 in the Mofussil bazar.

No. 22.—The people are fond of gold rather for circulation than for hoarding purposes as they are aware of the advantages of circulating money.

No. 23.—Yes; I believe that they would have no objection to a Gold Currency, but it would not, of course, find an equal circulation with silver.

No. 24.—Gold coins of Rs. 15, 10, and 5 would probably find more favor in the eyes of the Natives than notes of a like sum, as the value of one is more tangible than that of the other.

No. 25.—The establishment of a Gold Currency would not help the establishment of a Paper Currency; but it would not militate against it, as notes, when people become accustomed to them, would be used for small payments and for making remittances when the exchange was favorable.

No. 26.—I think a Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note.

No. 27.—I consulted four or five of the most respectable bankers of this town, who are of opinion that a Silver, Gold, and Paper Currency would be welcome.

No. 28.—Bar gold circulates in the district, and its purity is ensured by testing it by melting it in a crucible.

No. 29.—Native gold mohurs are used moderately as means of currency, but are not more in demand than the Government gold mohur and English sovereign.

No. 30.—There are Jeypore gold mohurs of two sorts,—one bearing the name of the then reigning sovereign of Delhi, and the other that of Her Majesty the Queen; 2, Moorshedabadee; 3, Mahomed Shaee.

No. 31.—The above pass for their intrinsic value, except the Moorshedabadee.

No. 32.—The Moorshedabadee bears an artificial value, as the coin is scarce, and is generally sought for to be used as an ornament.

From the Deputy Collector in charge of the Salem Treasury,—dated the 14th June 1866.

With reference to your Circular dated 16th February 1866, I have the honor to forward herewith replies to your queries as requested.

No. 1.—Not throughout the district.

No. 2.—Natives have doubts as to notes being readily cashed in the several treasuries; they, therefore, prefer coin and do not resort to notes, unless they are required for remittance or convenience in travelling.

No. 3.—Indiscriminate exchange of notes for silver, and silver for notes, is objected to, and notes are not to be used as a means of remittance in mercantile transactions, but are strictly confined to local circulation and issues in a small way to private individuals.

No. 4.—Quite sufficient.

No. 5.—I do not think it would make any difference whatever, provided the notes of any one circle could be cashed in another.

No. 6.—Not necessary ; notes should be convertible on demand at any circle.

No. 7.—I am of opinion that one universal note for all India, convertible in *any* treasury of all the three Presidencies, would answer best, as Natives would then have no hesitation in dealing with them, as they can get them cashed in any treasury.

No. 8.—Yes; it will be of great convenience to private individuals for remittance purposes, and I think will have a very large circulation.

No. 9.—It will have as large a currency as the 10-rupee note.

No. 10.—They are, when they are to be had.

No. 11.—Generally so.

No. 12.—It does not appear so.

No. 13.—Hoondees are preferred.

No. 14.—Such has never been the case, nor is it ever likely to happen, as the value of notes cashed is more or less in proportion to the value issued, and that at the utmost is not above 10,000 rupees.

No. 15.—Such has not been the case as yet.

No. 16.—No reply.

No. 17.—Rs. 15-8.

No. 18.—Rs. 10-2.

No. 19.—Rs. 10-3.

No. 20.—Generally the case.

No. 21.—They are not so plentiful in the Mofussil as at Madras and other seaport towns.

No. 22.—Yes; they are.

No. 23.—They would.

No. 24.—Decidedly.

No. 25.—Gold Currency will diminish the circulation of the Paper Currency.

No. 26.—No.

No. 27.—They prefer silver and gold.

No. 28.—It does, and the Natives have means of testing its purity.

No. 29.—No; they are hoarded and converted into neck ornaments.

No. 30.—Gold mohur, Rs. 15; half mohur, Rs. 7-8; Thejozi, Rs. 5.

No. 31.—Always above the intrinsic value.

No. 32.—According to respective denominations.

From the Officiating Deputy Commissioner, Sandoway,—dated the 2nd March 1866.

I have the honor to acknowledge receipt of your Circular dated 16th February 1866, received on the 1st of March 1866, and in reply to submit my answers to your queries *seriatim* as requested.

No. 1.—Government currency notes rarely come to hand in this district; but when they do, are very readily received and paid away; and as the granting of privilege remittance transfer receipts to private individuals has been restricted to issue on Calcutta only, on payment of premium of one per cent. (*vide* Section 79, Amended Rules for Bills of Exchange, Circular No. 216, dated 20th December 1861, Board of Audit), the Natives are continually on the look-out for currency notes which pass freely for their full value.

No. 2.—No depreciation in value in this district, *vide* answer No. 1.

No. 3.—None; Sandoway Treasury not being included in any circle of issue. During my incumbency here, no notes have been presented for payment to this treasury.

No. 4.—That Sandoway be included amongst the list of treasuries (*vide* answers 6 and 7 post) at which currency notes are convertible.

No. 5.—I do not; any restriction as to the actual place in which a note is only convertible, in my opinion of Native character, deters the Natives from taking them, or at least, as a general rule, does not allow them to have the same confidence in the note as I think they would have if they knew they could get the value of it from any Government cash chest.

Nos. 6 and 7 —I would do away with the separate note for each circle, and the separate circles themselves, and substitute one universal note for the whole of India convertible at all district head-quarter treasuries. In a short time, experience would show the probable amount of coin which should be kept in reserve to meet notes likely to be presented for payment; for instance, Sandoway not being a large mercantile place, a reserve, at the very most, of Rs. 10,000, would be as much as would ever be required, so, instead of sending away Rs. 40,000 a year to the Akyab Treasury, a less sum could be sent, and so much freight saved. By having an universal note payable as stated, the confidence of the Natives will be established. Now, if a man gets a note of the Presidency circle, and has no cause to remit money to the Presidency, he has to look about him to get rid of it to a person requiring to send money to Calcutta; and again, a man going on a journey takes paper of his own circle, and on arrival, say at Madras, is told the note belongs to such a circle and not current in the Madras circle; such would hardly incite a liking to the currency in a European, much less in a Native. Fancy an English merchant being told that his note he got at Chester was not convertible at Falmouth. The simple words "not payable at such a place" is sufficient to shake the confidence of any Native who does not understand the true reason for the restriction to circles.

No. 8.—I do not think a note for so small a sum as Rs. 5 is desirable. The 10-rupee notes seem to me quite small enough, and there is no precedent in England showing it is advisable to issue a note of less value than £1.

No. 9.—I do not think it would. The sum is so small that, for remittance, the note would rarely be used. Postage stamps are available, and at an advantage in the shape of half an anna in the rupee discount at time of purchase.

No. 10.—Not here, as notes are rare (answer 1).

Nos. 11 and 12.—Not here, for the same reason.

No. 13.—Natives, as a general rule, prefer Native hoondees or Government hoondees (private remittance transfer receipts), although on payment of premium, because in making remittances, if the hoondee is lost in transit, a duplicate can be obtained, which is not the case with a currency note, which once lost is not renewable, but is so much gain to the Government issuing the note.

No. 14.—By steamer from Akyab or Khyouk Phyoo Treasuries. To the latter, application would be first made with a request to pass on the application to Akyab, if cash could not be spared.

No. 15.—Same answer as No. 3.

No. 16.—No indents for notes have been sent from this treasury.

Nos. 17, 18, and 19.—Not current, or met with here in the bazars.

Nos. 20 and 21.—I have not had the chance of judging, so I cannot say.

No. 22.—The Arracanese and Burmese are intensely fond of gold, turning all silver they can spare into gold in the shape of ornaments, all of which could not be worn at one time. All hoards amongst these people are chiefly in gold ornaments; and in borrowing money for trading purposes, it is usual to deposit gold ornaments as security, and paying high interest on the loan.

No. 23.—I think so; and I sent an indent the other day for a small quantity of sovereigns and half sovereigns to begin with.

No. 24.—Decidedly; in the existing state of education and civilization of the majority of Natives, gold is intrinsic value, notes a denominative value in their eyes.

No. 25.—I should say "no," if notes of a small value are current; but if the lowest denomination of notes was fixed at £5 or Rs. 50, gold would materially assist such a Paper Currency.

No. 26.—Not a doubt of it, if both the gold and note were made legal tenders at those treasuries.

No. 27.—I regret there are none such here whom I could ask and give you their opinion.

No. 28.—Bar gold is seldom met with here; but China leaf-gold circulates and the best quality sells at Rs. 25 per tickle, equal in weight to Re. 1-3-8; its purity is usually tested by a touch-stone; the color being the guide, and some times it is tried by fire. Inferior quality of this kind of gold is sold at 24 and 23 rupees per tickle.

Nos. 29, 30, and 31.—No; but I have met with some "Alum Shah," valued at Rs. 20 and Rs. 10 each.

No. 32.—I am sorry I cannot give this information, not having sufficient data; but I think the weight and quality of gold has more to say to the value.

Trusting the above may be of assistance in your deliberations.

From the Deputy Collector in charge of Sarun Treasury,—dated Chuprah, the 22nd February 1866.

I have the honor to acknowledge the receipt of your Circular dated the 16th instant, and to reply *seriatim* to the questions put as follow.

No. 1.—In the purchase and sale of commodities they are received and paid at par value but towards the liquidation of debts, as tenders for remittances to other places, and for exchange into silver, *bonâ fide* monetary dealings, they are subject to a discount.

No. 2.—Recognized generally as a safe medium of remittance, they are treated as bills of exchange, drafts or hoondees, and hence subject to a discount varying with the demand for them in the market. The depreciation, moreover, arises from the fact that the local Government treasuries refuse to cash them when the balance of the notes exceeds fifty rupees each. The rates of discount vary from eight annas to one rupee eight annas per cent. according to the value of the note. The higher rate of discount is charged for notes of one thousand rupees and upwards.

No. 3.—They are confined to the limits prescribed in the second of the five rules at the close of the notification of the 19th March 1866, circulated by the Accountant General. To this restriction I have been (studying my ways and means) compelled to adhere, to enable me to have in hand a sufficiency of silver in the treasury to meet the Government requirements for opium advances and payments: the agents of the departments receiving payments only in specie for their drafts on the treasury.

No. 4.—They are not particularly for the commercial pursuits of this district. Planters of indigo and other general dealers in the traffic of the country would readily have remittances made to them in currency notes from Calcutta rather than draw drafts on their agents below, if they could be freely exchanged for silver by the Mofussil treasuries, inasmuch as bills drawn on Calcutta are subjected to a discount varying from 3 to 4 per cent. The suggestion I would, with every deference, make towards an accommodation to the commercial community, if it be desirable to do so, is to withdraw all restrictions, exchanging freely currency notes for silver and silver for notes; but then the local treasury officers should be privileged to transmit all note accumulations that may reduce their stock of specie to a large amount to the nearest bank for exchange in silver or equivalent value, such banks being kept in funds to meet the call.

No. 5.—I consider it a disappointment and a source of some irritation. A man in the Punjab and in the North-Western Provinces, or elsewhere in any one of the established circles of issue, remits to his family in Behar the currency notes of his circle,—or in the case of a traveller provided with notes of the circles of issue from whence he reaches Behar,—and it is found that such notes are not exchangeable in the Behar treasuries. This restriction, I think, should be withdrawn, and then there can be no ground for rejecting the existing arrangements.

No. 6.—In the event of it being intended that the currency notes should possess a circulation amongst the *agricultural* community, and obtain a *continuous reception* or *currency* in the *district itself* upon its once issue in it, offices of sub-issue would be desirable with the proposed facilities of conversion; but then *ryots* and *zemindars* must be legally bound down to accept them as equivalent for silver, the opium agents being also required to co-operate in maintaining the circulation. This would materially check the great demand for silver which now obtains for meeting the opium requirements, and which is attended with considerable expense to Government.

No. 7.—I presume I have answered this question in reply to query No. 5. There will be no necessity for one universal note, if the conversion is permitted at all treasuries, preserving thereby, at the same time, the integrity of each circle of issue, and the distinctness of account for each circle as a guard against confusion.

No. 8.—The issue of such a note would be found useful in the event of my suggestions in paragraph 6 being found feasible.

No. 9.—As proposed by me in paragraph 6, I believe it would succeed and maintain a continuous existence in the district. As a circulation from the opium agents, it would be handed to the cultivating ryots, and by him to his landlord, and then return to the district treasury at the quarterly revenue payments in the proportion of 25 per cent.

N. B.—If there is no objection financially to an increase, 50 per cent. would be a boon and facilitate the circulation of the notes.

No. 10.—Yes, attended with advantage or profits by discount.

No. 11.—It is universally the practice recognised, as they are in the light of bills of remittances or hoondees.

No. 12.—No, not with such an object; but, for purposes of remittances, they do buy them up, being of much value as at sight remittances payable on demand.

No. 13.—They do, unattended as they are to risk of non-payment, yielding a profit by discount at the same time.

No. 14.—My application is made to the Accountant General at Calcutta, and supplies are conveyed by rail *viâ* Shahabad direct from the Calcutta Treasury, or by an order from any other local treasury able to meet the call, if on the line by rail, if not, by other channels of conveyance.

No. 15.—Yes.

No. 16.—Simply this, that as the indents are evidently to meet calls for remittances, it was inconvenient to attend to the requisition, money order offices affording facilities for such purposes.

Nos. 17, 18, and 19.—The value of the gold coinage is as follow:—

	Purchases.		Sales	
	Rs.	As.	Rs.	As
Government coinage	14	8	14	10
Guineas	9	10	9	12
Australian half sovereign	4	13	4	14
Jeypore coinage	15	4	15	6
Mahomed Sahi, Delhi coinage	15	15	15	7
Lucknow coinage	14	8	14	12
Benares coinage	15	4	15	6
Shah Alum stamp coinage, 19 Jalose	19	0	19	2

with variations according to demand in the market.

No. 20.—I cannot speak with certainty on this matter; they rise and fall in value according to demand.

No. 21.—No special reason can be assigned; like all mercantile transactions, it is subject to the state of the market.

No. 22.—Yes, for laying by, and for the manufacture of ornaments, they prefer unalloyed gold; hence the Shah Alum coinage is always in favor, especially at the "luggons" or marriage seasons, and then large premia are charged, the selling prices varying from Rs. 22 to 25 for each mohur.

No. 23.—I believe not; the Government coinage is not in favor.

No. 24.—This arrangement requires to be tested; the likes and dislikes of the Natives can only be ascertained when a system is put in practice; if the gold is pure and not much alloyed (I have already mentioned the Shah Alum coinage to be so recognised), the gold coin would be well received; I cannot, however, say with certainty whether it would be preferable to notes. No mercantile transactions, to my knowledge, have been adjusted by payments in a gold coinage.

No. 25.—I apprehend it would not in the Mofussil; the people here are not so enlightened to appreciate the measure in a broad general way.

No. 26.—By no means.

No. 27.—The existing system—silver and paper—are considered a convenience.

No. 28.—No.

No. 29.—No, they are bought and sold for other purposes than a currency for hoarding or ornamental purposes.

No. 30.—See answers to 17, 18, and 19.

Nos. 31 and 32.—No, the valuation is regulated by the demand in the market.

From the Supernumerary Assistant Collector of Sattara in charge of the Hoozoor or Sudder Treasury at Sattara,—dated 1st May 1866.

I have the honor to enclose a statement containing the queries put in your Circular dated 16th February last, and the replies thereto from myself.

No. 1.—Yes; but not invariably at full value, the difference either of discount or premium depending generally upon the need of the seller or purchaser of notes.

No. 2.—The cause of the depreciation being that notes for large sums are not exchanged for cash at the Government treasury at Sattara, and consequently they are required to be sent down to Bombay, and the purchaser is therefore put to the expense of sending notes to Bombay and obtaining cash therefrom; the average rate of the difference being about 1 per cent.

No. 3.—Those sanctioned in the accompanying extracts from Government orders on the subject of Paper Currency.

No. 4.—No; they are not sufficient. It would be very good if notes were exchanged for silver and silver for notes *without restriction* as to the amount at the Government treasury at Sattara. The above course is, however, likely to cause some times either a surplus collection of silver, or a great want thereof in the Sattara Treasury, and in either case, Government would be put to the expense of remitting money either from or to the above treasury, and this point, therefore, demands a consideration before a change in the existing system is determined upon.

No. 5.—Yes, it is worth being retained.

No. 6.—The foregoing answers this question also. Establishment of sub-offices of issue at the chief local treasuries is greatly desired as above stated; but the expense to which Government are likely to be put thereby on account of remittance of cash, as explained in the concluding portion of reply to the 4th query, is a point demanding full consideration.

No. 7.—No. The plan and facilities are all explained above. The foregoing recommendations are based on the following :—

1*st.*—To have a separate note for each circle, and to readily exchange the same at each chief local treasury for silver or silver for notes, would cause great convenience to Natives and create more confidence in them in this particular.

2*nd.*—By having a separate note for each circle, the head office would, for purposes of enquiry, reference, &c., be within an easy reach to all concerned, which would not be the case if there would be one note for all India, as the head office would in that case be far away, and enquiries, or stopping payments of notes, &c., &c., would be greatly delayed.

No. 8.—No.

No. 9.—Not.

No. 10.—No. Want of getting notes for cash or cash for notes at the Sattara Treasury being the only great drawback in this respect on the part of shroffs and bankers.

No. 11.—Need of the purchaser or seller regulates the discount or premium as explained in the reply to the first query. There is no established practice here of the kind described in the query to which this is an answer.

No. 12.—No.

No. 13.—Yes.

No. 14.—There exist no railway facilities between this and Poona to the Government civil treasury, at which place application for reinforcing the silver reserve would have to be first made; but a good road for carts, &c., has lately been constructed by Government, and it affords every facility sufficient for the purpose under enquiry.

No. 15.—Never, the transactions being too limited.

No. 16.—There has never been occasion to assign such reasons.

No. 17.—About Rs. 15.

Nos. 18 and 19.—It is unknown or not current in the neighbouring bazars.

No. 20 and 21.—As they are uncurrent, the information sought for in the query cannot be afforded.

No. 22.—Yes, they are.

No. 23.—Yes.

No. 24.—Yes, except for purposes of remittances.

No. 25.—Yes.

No. 26.—Yes.

No. 27.—In their opinion, Silver, Gold, and Paper Currencies are necessary.

No. 28.—Yes it does; the purity is ensured either by heating the metal after boring a hole into it, or by means of a touch-stone.

No. 29.—No.

No. 30.—As they are not made use of as currency, no names can be stated.

No. 31.—If a mohur be sold or purchased for Native ornament purposes, it is passed for intrinsic value.

No. 32.—No.

FINANCIAL DEPARTMENT.

The following notifications, by the Government of India, are re-published for general information.

No. 43.

The 19th March 1862.

Act XIX of 1861 having come into operation on the 1st instant, it is important to guard against any misapprehension among treasury officers as to the wishes of Government in regard to the action of district officers generally in promoting the introduction of the new currency.

Financial Notification, No. 1, dated 3rd January 1862.

The new currency notes are now a legal tender in certain districts, as specified in the notification cited in the margin, and must necessarily be received when tendered in payment of demands of Government of every description; but silver can only be demanded as of right in exchange for notes at the several Presidency towns whence they have been issued.

It is the desire of Government that, as far as possible, every facility may be afforded by local officers for cashing notes, and that every legitimate means may be employed to promote generally the free circulation of the new currency; but it is equally their wish that there may be an entire absence of any thing which could be construed into a desire to force the circulation, or in any way interfere with the free action of the community in resorting, at their own time and in their own way, to the use of the currency notes. Officers will recollect that the Government have no direct interest in forcing the Paper Currency, and that any act which leads to such a suspicion will only retard the period when confidence may be fully established, and the community reap the benefit of an improved circulating medium.

It may be expected that there will be a tendency to employ the new notes to a considerable extent as a means of remittance and for small amounts among private parties, and in localities distant from banks, it may be desirable that the Government should give facilities for this purpose; but it would be very objectionable if this were carried so far as to interfere with the legitimate operations of private enterprize, or with the system of supply bills to which the public are accustomed.

Much in matters of this description must necessarily be left to the discretion of the local officers; but without incurring risk of inconvenience, it may be prescribed generally as the rule to be observed :—

1st.—That notes are to be received in payment of all demands of Government, but are for the present to be paid only when parties receiving payment do not object.

2nd.—That notes are to be cashed at places where there are no branch banks acting as agents for the Government currency, and then only to a limited extent, and for small sums, as an accommodation to private parties or travellers at the discretion of treasury officers.

3rd.—That supply bills are to be paid generally at the option of the holders either in coin or notes, subject to such instructions as may from time to time be received from the Deputy Auditor and Accountant General.

4th.—That notes should never be returned to the Presidency except under the direct instructions of the Deputy Auditor and Accountant General.

5th.—That a report as to the progress of these measures should, from time to time, be furnished to Government, and should the local officers foresee any difficulty as likely to arise, they should at once report it.

Notification by the Deputy Auditor and Accountant General.

No. 1.

FINANCIAL DEPARTMENT.

The following Circular, from the Auditor General of India, No. 83, dated 27th ultimo, is published for the information and guidance of officers in charge of civil treasuries.

"Under instructions from the Government of India, in the Financial Department, No. 1463, dated 18th March 1865, I have the honor to request that you will instruct the treasury officers under your control to return all currency notes received by them other than those appertaining to the circle in which their treasuries may be situated, to the Deputy Commissioners of issue of the circles to which the notes may appertain, who will adjust the amount by means of public service transfer remittance receipts, instead of forwarding such notes to the Deputy Commissioners of issue of their own circles as provided in paragraph 11 of the rules for the transaction of business in the Government Paper Currency circles. The notes of the abolished circles of Mirzapore and Benares should be sent to the Deputy Commissioner of the Allahabad circle."

Extract from the letter from the Government of India, No. 1792, *dated* 8*th August* 1865, *to the Head Commissioner of Paper Currency.*

"It is not the intention of the Government of India to supply notes to local treasuries which are obviously intended to serve as remittances for mercantile transactions in connection with Calcutta, and not for use in the subordinate circle to which they belong. Every facility should be afforded to promote the latter object, and of course there is no objection to an exchange of small notes for silver at local treasuries when required by private individuals for remittances on account of their own private affairs; but the Government must decline affording any such assistance when required for the purpose of trade or commerce."

From the Deputy Commissioner of Saugor,—dated the 23*rd March* 1866.

With reference to your Circular dated 16th ultimo, forwarding 32 questions relative to Gold and Paper Currency for answer, I have the honor to submit the following replies. I need hardly add that these answers, though generally applicable to all parts of the country, have been framed with special reference to the wants and requirements of this district only.

Nos. 1 and 2.—Government currency notes of the Nagpore circle only are received and paid away by the Native community at par in private monetary transactions. The reason why notes of other circles are not received at par is that they cannot be cashed in this treasury whenever required. The discount varies from half to three per cent., according to the market value of *hoondees* at the time.

No. 3.—A number of notes, chiefly of from 10 to 100 rupees each in value, is always kept in hand for issue in this treasury, and paid away in exchange for silver to parties requiring the same. Notes also are cashed on presentation at once.

No. 4.—As yet a very limited amount of business has been done in this treasury in the way of issuing and paying off notes, and the existing arrangements for the purpose appear to be sufficient for the present requirements of the district. In the event of notes finding a more general acceptance with the community, as the medium of exchange, however, a separate office of sub-issue, or some accession to the present treasury establishment, will certainly be required.

Nos. 5, 6, and 7.—The present arrangement of circles, with a separate note for each circle, *not convertible in other circles*, does not appear to me to be well calculated to promote the reception of a Paper Currency by the Native community; and matters are not likely to be improved by the increase of circles, or the establishment of offices of sub-issue, if the notes issued by one circle continue inconvertible in another. Neither does it seem to me that the

real wants of the case would be met by having one universal note for all India, convertible only at the Presidency towns and certain specified treasuries. Facility of conversion is the great thing required, and until such facility could be secured, a Paper Currency, whatever the arrangements for the issue thereof may be, is not likely to find much favor either with the mercantile classes or the community at large.

No. 8.—No, I would not propose a note of the value of 5 rupees, and that on the following grounds:—

Money in sums of 5 rupees and thereabouts is disbursed, for the most part, in payment of servants' and labourers' wages, in making purchases of small and retail tradesmen, and for advances to artificers and other workmen. But these classes themselves, as a rule, have but very few payments to make in sums of 5 rupees and upwards. Indeed 5 rupees being about the average monthly income of the labouring classes, have to be laid out by them in making some twenty or thirty different payments; and it is evident, therefore, that a note of that amount would be virtually useless in their hands until it has been cashed. Consequently, such notes will return for payment almost as soon as issued, and it is to be apprehended also that, at a distance from Government treasuries where they could be cashed, the holders will, in many cases, be under the necessity of giving them away to shroffs and bankers at a discount.

No. 9.—No; on the contrary, I think that, however pushed, it would be difficult to retain them in circulation (*vide* above).

No. 10.—Notes of the Nagpore circle being convertible at Calcutta and Nagpore, are used by shroffs and Native bankers here for purposes of remittance to those two stations only; but they prefer making remittances to other stations, where the notes of this circle have to be cashed at a discount, in silver itself.

Nos. 11 and 12.—Very few notes of other circles have been converted here as yet; but shroffs and bankers would buy them at a discount if offered or available.

No. 13.—No, they rather prefer hoondees to notes, and this—1*st*, because notes are not convertible in all parts of the country; and 2*nd*, because of the risk of loss in transit by post. This risk has lately become very great and serious, and is apparently on the increase. Registry has, in most cases, proved no safeguard whatever.

No. 14.—A crisis of the kind referred to has not yet occurred in this district. In the event of there being a sudden and unexpected rush of paper, however, which the reserve in hand was not sufficient to meet, I am afraid that, with the existing means of communication, no very effectual steps could be taken to reinforce the reserve from other Government treasuries direct. The nearest treasury is that at Jubbulpore; but it will take some five or six days at least to procure any remittance even from thence. It is only if the crisis were foreseen by so many days, therefore, that any treasure from Jubbulpore could be availed of and turned to account. In case of emergency money will have to be raised on bills, though at some sacrifice of course.

Nos. 15 and 16.—Yes, once only, and that, not in consequence of the indents not having been complied with, but by reason of the notes indented for having arrived somewhat later than was expected.

No. 17.—The average value of a Government gold mohur here is Rs. 15, and the fluctuations range within 4 annas above and below.

No. 18.—The average value of an English sovereign is Rs. 10 subject also to fluctuations as above.

No. 19.—Australian sovereigns are very little known in the station.

Nos. 20 and 21.—No, they rather bear a lower value in Mofussil bazars, and this because in the Mofussil they sell only for their value in gold and are very little wanted as coins.

Nos. 22 and 23.—The people, to some extent no doubt, are fond of gold for the purposes of hoarding; but they have no particular predilection for it as a medium of exchange. They are quite content with having silver for that.

No. 24.—Not necessarily; the facilities of conversion being equal, both will be regarded in pretty much the same light.

No. 25.—I do not see exactly how a Gold Currency could help the establishment of a Paper Currency. Generally speaking, notes will not have to be cashed for making large payments, for such payments would just as well be made with the notes themselves. It is for the disbursement of small sums that specie, for the most part, will be required; and small sums, it appears to me, would be more satisfactorily disbursed in silver than in gold. In the former case the recipients would be able to turn the coins to account at once; whereas, in the latter, the gold will, in very many cases at least, have to be converted into silver before any actual business could be done therewith. The superior advantages of gold being held as a reserve in preference to silver do not, therefore, seem to be clear (see also answer to question 8).

No. 26.—The above remarks, I think, will apply with still greater force to the case of the outlying treasuries, for, ordinarily, it may be presumed notes of a comparatively small value only will be taken for encashment there; and it does not appear to me how the cause of a Paper Currency could be promoted, by payment being made in a medium, which will frequently entail on the receipient the necessity of an extra and useless process of exchange.

No. 27.—Shroffs and dealers are of opinion that, if the Paper Currency were established on a satisfactory basis, there will be no urgency for gold—paper with silver will answer all the purposes of circulation for business and trade. Failing a satisfactory, *i. e.*, readily convertible Paper Currency, however, gold might with advantage be added to silver and paper.

No. 28.—Bar gold does circulate here at times, but not to any very great extent. The purity of the metal is tested by burning, cutting, and rubbing against a particular description of stone.

No. 29.—No, they are seldom used for the purpose in question.

No. 30.—The chief ones are the Jeypore, Delhi, Agra, Lucknow, Kota, Hyderabad, Benares, Shah Jehan, and the Akburee mohurs.

No. 31.—Yes, they pass for intrinsic value only as a rule.

No. 32.—No, they do not bear an artificial value in the market according to denomination.

From the Extra Assistant Commissioner, Sealkote,—dated the 26th February 1866.

No. 1.—Are readily received at full value in private monetary transactions, but generally in cashing notes discount is exacted.

No. 2.—Average rate of discount is four annas per cent.

No. 3.—Here notes are exchanged for silver, and *vice versâ*, without delay, if our assets will admit of it.

No. 4.—They are sufficient.

No. 5.—No, I would not retain the present arrangement of circles.

No. 6.—I would not increase the number of circles, or keep the present number of main circles.

No. 7.—I would decidedly prefer the plan of having one universal note for all India, but convertible at any treasury.

No. 8.—No, even our 10-rupee notes have not a large currency.

No. 9.—Certainly not.

No. 10.—They are.

No. 11.—They do *generally*, but not in ALL cases. They do not when notes are in request by themselves at any time for instance.

No. 12.—Not here.

No. 13.—They prefer the notes in general, as there is generally some delay in cashing hoondees, but when hoondees are at a discount, then *they* are preferred.

No. 14.—We have no facilities by rail, this district being distant from railway communication, and our road is not very good. We would first apply to the Accountant General.

No. 15.—It has *once*, owing to the delay in the receipt of our supply indented for, but not from non-compliance of our indent.

No. 16.—Only one instance has happened of our indent not having been complied with; the reason assigned for refusal to comply was that the balance at the close of the preceding month was considered sufficient for the time being.

No. 17.—Government gold mohur, Rs. 15.

No. 18.—English sovereign, Rs. 10.

No. 19.—Australian sovereign, Rs. 10.

No. 20.—They do.

No. 21.—Because they are scarcer in Mofussil bazars.

No. 22.—They desire it for circulation, not for hoarding.

No. 23.—Yes, they would like it.

No. 24.—Gold coins of 15, 10, and 5 rupees are likely to find more favor than notes of like value.

No. 25.—I think a Gold Currency would help the establishment of a Paper Currency.

No. 26.—It would.

No. 27.—They would prefer silver, gold, and paper.

No. 28.—It does; its purity is ensured by the application of prescribed tests in the possession of shroffs and dealers; and gold not coming up to such tests would be rejected in the market.

No. 29.—No, gold mohurs are *not* much used by Natives as means of currency in this neighbourhood.

No. 30.—Moorshedabadee, Delhi, Jeypore, Lucknow.

No. 31.—The three latter do; not so the first.

No. 32.—The three latter descriptions of gold mohurs, mentioned in No. 30, pass for intrinsic value, their gold being considered pure, but the Moorshedabadee bears an artificial value.

From Assistant Commissioner in charge of the Treasury, Seetapore,—dated 5th March 1866.

In reply to your Circular dated 16th ultimo, I beg to answer the queries therein put, after all possible local enquiry.

No. 1.—Notes are never received and paid by the Native community at their full value. A discount is invariably charged.

No. 2.—The reason of their depreciation must be looked for in the fact of their not being readily received in the treasury. A discount of 8 annas and some times 1 rupee per cent. is generally charged.

No. 3.—*Facilities for exchange of currency notes.*—No notes are received in the treasury except when paid in adjustment of Government demands, and when produced by travellers, as ordered in Accountant General's Circular, No. A II, dated 14th November 1864. Of course, whenever the treasury runs short of notes, a notice is circulated for their reception.

Facilities for exchange of silver for notes.—The request of parties offering cash for notes is readily complied with, and at the time of issue of pay, parties entitled to it are always asked if they would take any portion of their salaries in notes. The tehseel treasuries are also supplied with currency notes for disbursement.

No. 4.—The only facility for the circulation of currency notes I can suggest is, that notes be received to a certain extent in Government treasuries in all cases, whether presented in lieu of Government demands, or for mere exchange.

Nos. 5 and 6.—A circle may be opened for Oudh, in Lucknow, but if such a proceeding involve heavy expenditure, offices of sub-issue may be established at the principal towns for the purposes of exchange. It is obvious that such an arrangement is likely to render notes popular amongest the people of Oudh, to whom the existing plan, involving the necessity of their going or sending to a distance for exchange, is a source of great inconvenience. The necessity for a Lucknow circle or offices of sub-issue would be only in the event of the system of cashing notes at all treasuries not being established.

No. 7.—It would be advisable, I think, to have one universal note for all India, convertible not merely at the Presidency towns and certain specified treasuries, but at all treasuries to a certain extent. The present system of separate circles with separate notes impedes the march of business, inasmuch as it throws obstacles in the way of such notes being cashed with promptitude.

Nos. 8 and 9.—A note of the value of Rs. 5 may with advantage be circulated, such a note being more generally required than those of a higher value, but small sums are frequently remitted in postage stamps. The issue of a 5-rupee note would somewhat decrease the sale of postage stamps.

No. 10.—Very little used, as they cannot be cashed at the local treasuries.

No. 11.—In almost all cases of cashing notes, a discount is exacted by Native bankers.

No. 12.—Native bankers some times buy notes at a discount, and when they cannot dispose of them, they use them for purposes of remittance, and some times send them to the head quarters of circles for exchange through their agents.

No. 13—Native bankers, as a rule, give preference to hoondees for purposes of remittance, as the discount charged for cashing a note is more than that for a hoondee. For instance, at Lucknow 8 annas per cent. is charged for cashing notes, whereas a hoondee can be obtained for 6 annas.

No. 14.—If such a case occur, a report will have to be submitted to the Accountant General, and a remittance solicited. This proceeding, it is evident, involves delay. A supply from the nearest treasury, which could be received at three or four days' notice at the request of the treasury officer standing in need of cash, would be an advantage.

Nos. 15 and 16.—Once we were unable to meet the public demand on account of our indent not being complied with. The amount of the notes indented for was considered by the Accountant General too large to be needed in a small station like Seetapore.

No. 17.—From Rs. 14-15 to Rs. 15.

No. 18.—Shroffs issue at Rs. 10 and receive at Rs. 9-15.

No. 19.—Not in circulation.

Nos. 20 and 21.—They generally do, but the cause is difficult to assign, as they are in very little circulation.

No. 22.—Yes, decidedly.

Nos. 23 and 24.—The Natives certainly would prefer a Gold Currency to notes, and, therefore, gold coins of the values indicated are likely to be more popular amongst them than notes of like value.

No. 25.—A Gold Currency might facilitate the circulation of currency notes by inducing traders and others to hold gold as a reserve.

No. 26.—A Gold Currency would certainly be a source of assistance to the outlying treasuries.

No. 27.—Native dealers, &c., would prefer a three-fold currency, embracing gold, silver, and paper. It is to be noted that silver and gold are preferred for hoarding purposes, while notes are used for purposes of remittance when hoondees or supply bills are not available.

No. 28.—There is no bar gold in circulation in our neighbourhood. Its purity, however, is generally ascertained by its being rubbed over a piece of stone, called by the Natives *kussowtee*.

No. 29.—There is an equal circulation of Native gold mohurs and the Company's mohurs in this neighbourhood.

No. 30.—The following are the gold mohurs current in this neighbourhood :—

Shere Shahee.	Muchleedar.
Shumshere Shahee.	Jeypore.
Purree Shahee.	Furruckabadee.
Mahomed Shahee.	Moorshedabadee.
Akbur Shahee.	Alumgeeree.
Pootleedar.	Patna Phooldaree.

Nos. 31 and 32.—Native gold coins are circulated, not so much at their intrinsic value as at that which they bear according to their respective denominations.

From the Assistant Commissioner of Seebsaugur,—dated 29th March 1866.

It is with some diffidence that I submit the following answers to the queries contained in your Circular dated 16th ultimo, as the information required is not necessarily acquired in the transaction of the routine duties of a treasury, and I should have wished to have had my atttention and observation directed to the subject for a longer period, as it is not by a few hasty enquiries that the opinions and feelings of the Natives of this country can ordinarily be ascertained.

No. 1.—No.

No. 2.—The non-convertibility of the notes at the treasury here. This enables the merchants to take advantage of the necessities of note holders, especially tea planters, who find great difficulty in getting money from their correspondents in Calcutta to carry on tea cultivation, and some times they get it in the shape of notes; discount is, in such cases, half per cent.

No. 3.—Notes are a legal tender to the treasury, and notes may be given at the treasury in exchange for silver, but silver may not be given for notes, except to travellers as a favor.

No. 4.—These facilities are insufficient to ensure the free circulation of notes. A constant supply of notes at district treasuries might be ensured by a rule requiring officers in charge of treasuries to certify in the "currency notes returns" that they have sufficient to meet the demand. I admit that from inadvertence I have omitted to attend to the rule requiring the submission of indents, and I think it possible the same inadvertence may have existed in other treasuries, whereas the certificate I suggest for adoption would ensure a constant supply. The convertibility of the note is, however, the desideratum, and with my present information, I am unable to make any suggestion with confidence. It might be, however, that, if notes were convertible on demand within a certain limited amount on a certain day every month according to priority of presentation, that is to say, if, on the 20th of each month, a sum of Rs. 50,000 were rendered available at every local treasury for the payment of notes according to priority of presentation, of which a register, open daily, would have to be kept, it might be, that this partial convertibility would have all the effect of perfect convertibility, or would greatly facilitate the free circulation of the notes by depriving the merchants of their monopoly of cashing them.

No. 5.—No.

No. 6.—No.

No. 7.—I would recommend the plan of one universal note for all India, to be convertible *on demand* without limit at the Presidency towns, and at as many specified treasuries *to be named on the note* as may be found practicable, and convertible *on a certain day of every month* according to priority of presentation at all treasuries, within the limits of a monthly allotment for each treasury to be fixed by the Accountant General; this to be notified by means of notices posted outside all treasuries.

I confess I do not see the use of circles. The system must be considered by Natives to derogate from the usefulness of a Paper Currency, and the object of checking the run upon cash balances may be secured by the plan suggested in answer No. 7. My grounds then for preferring the plan of an universal note are—

1*st.*—That an universal note, payable as I have suggested, is a much more useful token than a note of a circle.

2*nd.*—That the plan of an universal note, bearing the names of the places where it is payable on demand, is much more simple than the system of circles, while it is most especially desirable to avoid complications in any new introduction to the conservative Natives of this country.

No. 8.—Yes, it would be used by Natives, rich and poor, for the purposes of remittance, and thus serve to introduce Paper Currency, and to accustom the Natives to its use.

No. 9.—Doubtful, probably, yes.

No. 10.—Yes.

No. 11.—See answer No. 2.

No. 12.—I have been unable to obtain satisfactory information.

No. 13.—They say they like hoondees best, because if the one miscarries, the money is lost, whereas, if a hoondee miscarries, another can be issued.

No. 14.—I should have to allow a month for getting a remittance from Gowhatty, where, moreover, I have no reason to think funds are available; to get a remittance from Calcutta, it would not be safe to allow less than two months. Steamers plying on the Brahmapooter are the only means of conveyance. The post to Calcutta occupies 15 days, and the upward trip by steamer about 20 days.

No. 15.—No.

Nos. 17 to 21.—These coins are hardly known here.

No. 22.—The Natives are fond of pure gold coins for hoarding in their original shape and after being turned into ornaments, but alloyed gold* coins would have no value in their eyes for this purpose. I think it may be said that this is the only use made of pure gold coins, the only kind at present to be found here; they say they would like an alloyed gold coin for circulation as a convenient token, but that such a coin would not circulate at all *unless it were legal tender*. As there are no gold coins in circulation, it is impossible to speak from experience. I do not think the poorer classes of the Natives would like an alloyed gold coin for circulation, *if* legal tender, in a *greater* proportion of gold to silver than (say) a quarter of the sum payable, if such sum be under Rs. 40, or a third of a sum above Rs. 40 and under Rs. 60; half, of a sum above Rs. 60 and under Rs. 80; three-fourths of a sum above Rs. 80 and under Rs. 100. I think the poorer Natives would be unwilling to receive their wages and their small payments

* They believe that gold has some inherent quality or property whereby it can be retained by the owner when silver would pass from him. The gold in an alloyed coin cannot be separated from the alloy, and of course would be a token in free circulation, and would not serve the purpose of pure gold, for which a purchaser must be found before it can be parted with. It is this check on the inclination to spend money which gives pure gold its peculiar value no doubt.

in gold, and I would, therefore, strongly recommend that there should be no law obliging them to do so, but I do not think they would dislike to take *one* five-rupee gold-coin with 15 rupees of silver in payment of a sum of Rs. 20.

No. 23.—And with this restriction as to legal tender, I think they would soon begin to appreciate the usefulness of a Gold Currency.

No. 24.—I think so, gold being less destructible, and more suitable to the classes who cannot read the inscription on notes.

No. 25.—We might hope it would have that effect; but with my present information I do not know that Natives would manage their business with this object in view. The force of circumstance would, perhaps, bring the system of holding gold in reserve into operation unconsciously.

No. 26.—I should think so, on account of its portability and the facility it affords of making payments, so much time being lost in counting silver.

No. 27.—Decidedly they prefer a currency, including all three—silver, gold, and paper.

No. 28.—Gold is an article of trade here in the following forms of the value noted :—

(Putta sona) leaf gold, according to quality, Rs. 16 to Rs. 12 per tola.

(Rent gold) bricks of gold, Rs. 17-8.

(Kamoe sona) small round bars about the length of the finger, and some thicker, others thinner, Rs. 12 per tola.

No. 29.—No.

No. 30.—Jeypore, value ... ... Rs. 17 to Rs. 18-8
Lucknow, „ ... ... „ 20 } hardly
Delhi, value ... ... „ 20 to „ 20-8 } known.
Satranee or Moorshedabadee,
value ... ... „ 21 to „ 21-8
Assam, the original Rs. 25, most difficult to obtain.

No. 31.—Yes, according to the quality and quantity of the gold.

No. 32.—No.

From the Deputy Collector in charge of the Treasury, Shahabad,—dated the 10*th March* 1866.

I herewith have the honor to submit my answers to the several queries put in your Circular of the 16th ultimo.

No. 1.—In payment of all sorts, these notes pass freely at their full value; it is in cashing them for silver, in the bazar, that a discount is exacted.

No. 2.—The depreciation may be attributed, in a great measure, to the fact that Mofussil treasuries are precluded from cashing notes of a higher value than Rs. 50; hence shroffs and bankers take the opportunity of levying a discount varying from 4 to 12 annas per cent. In the interior of the district the difficulties of cashing are greater, and the discount necessarily higher, averaging one per cent.

No. 3.—We are authorized to exchange notes for silver without reserve; but are restricted from exchanging specie for notes freely, being warned to cash notes for small sums only as an accommodation to travellers and private parties. *Vide* Board's Treasury Rule, Article III, issued in Government General Order of 19th March 1862.

No. 4.—Existing means are far from sufficient for giving a free circulation to the currency notes. If the restrictions imposed by Government General Order of 19th March 1862 were removed, and treasury officers allowed to cash notes freely to the full extent of the available

cash in their treasuries, Paper Currency would find greater favor with the public at large. The great drawback in its free and ready dissemination amongst the Native community is the exaction of discount.

No. 5.—The arrangement of circles is not known to the Natives. Any alteration in the present system would, therefore, not tend to promote the circulation of the notes any more than what it is already, inasmuch as notes of every circle are indiscriminately received at the treasury and afterwards forwarded to the head quarters of the circles, and the fact of a note being of a particular circle does not affect its intrinsic value in the bazar.

No. 6.—To have offices of sub-issues at chief local treasuries only, would in no way improve existing means, as branch banks, I believe, already exist at chief local stations where the notes are received and issued at par. It is at the smaller stations where greater facilities of exchanging notes are required. If sub-offices could be established at every station, it would be a boon; but this, I think, is not possible. The great desideratum is the free and ready means of conversion, and this can only be attained by allowing local treasuries in general to receive notes for cash without reserve.

No. 7.—*Vide* answers to questions 5 and 6.

No. 8.—A 5-rupee note is much required as affording the convenience of small remittances. At present, the only means of remitting money under 10 rupees are by money orders or in postage stamps. The former can be obtained at a premium and only for the stations in the Lower Provinces,—the system not having yet been introduced in the North-Western Provinces,—and remittance in postage stamps is attended with inconvenience to the mercantile community.

No. 9.—Yes; I believe it would.

No. 10.—Only for the purpose of remittance to places where there are banks or branch banks, and where people could have the notes cashed at par.

No. 11.—Yes; discount is exacted in every case as a recognized practice.

No. 12.—No; not with this object, as the discount they exact is not sufficient to cover the expense of sending the notes for encashment to head quarters of circles, and for getting specie in return. They retain the notes for the purpose of selling again at a premium, or for paying them into Government treasuries in payment of Government revenue on the part of their clients, who may be Government malgoozars.

No. 13.—This depends upon the state of the market as regards discount.

No. 14.—We are cautioned not to cash notes to such an extent as to affect materially our cash balance. Our silver can, therefore, never run very low owing to a large number of notes being cashed; but, whenever our silver runs low, owing to heavy demands of specie, we apply to the Accountant General of Bengal, and this being a railway station, money is easily sent up by rail.

No. 15.—This treasury is always kept well supplied with notes.

No. 16.—Needs no answer.

No. 17.—The average value of the Government gold mohur is from Rs. 14-8 to Rs. 14-12 in the bazar.

Nos. 18 and 19.—The average value of the English and Australian sovereigns in the bazar is about an anna less than their intrinsic value.

Nos. 20 and 21.—I cannot speak with any degree of accuracy on this point, not knowing what their value is in Presidency towns.

No. 22.—The Natives are very fond of gold for the purpose of hoarding and for making ornaments of wear, but not for circulation.

No. 23.—They appear to be indifferent in the matter; but, I think, if the gold is good and pure, they would like a Gold Currency. The Government gold coinage is not in favor with the Natives owing to much alloy.

No. 24.—I believe the Natives would not prefer gold coins of Rs. 15, 10, and 5 to notes of the like value.

No. 25.—I am afraid not.

No. 26.—It is difficult to venture an opinion on this point.

No. 27.—If the gold is good and pure, as stated in my answer to question 23, they would prefer silver, gold, and paper.

No. 28.—Bar gold is much used by Natives in making ornaments. It is tested on the *kussowtee* (touch-stone).

No. 29.—No; they are bought for hoarding and for making ornaments.

No. 30.—Mohumud Sahee (Delhi coinage); Mudusahee; Shah Alum, known as the Kuldar of Moorshedabad coinage; Lucknow coinage; Jeypore coinage; Benares coinage.

Nos. 31 and 32.—The value of the above mohurs fluctuates according to the demand for them in the market.

From the Deputy Commissioner, Shahpoor,—dated 31st March 1866.

Forwards, as requested, replies to the queries contained in the Circular of the 16th February last.

No. 1.—No. As yet paper money has not got into circulation among Natives; it is believed that it will be very long before this is the case, both because the measure is looked upon with suspicion as an attempt on the part of Government gradually to withdraw silver from circulation, and because it is the interest of bankers to retain the present system, by which they are enabled to realize large profits from hoondee transactions.

No. 2.—Answered above.

No. 3.—The rules for the exchange of currency notes for silver, and *vice versâ*, will be found in a notification of the Financial Department, No. 1059, dated 28th June 1864, published in the *Gazette of India* of the 2nd July 1864. In addition to the above rules, by paragraph 5 of the Accountant General Punjab's Circular, No. 145 of 27th July 1864, treasury officers were authorized to cash or exchange to a limited extent *any currency* notes, whether of the Lahore or of any other circle. Again, by paragraph 2 of the orders of the Financial Department, No. 1219 of 11th July 1865, addressed to the Officiating Accountant General, North-Western Provinces, it was ruled that, with a view to prevent inconvenience to travellers, the Governor General in Council had resolved to authorize all railway companies to receive notes of other circles when *bonâ fide* tendered by travellers in payment of railway fares, and therefore the Government treasuries must accept the notes when tendered by the railway company as *bonâ fide* earnings from travellers.

No. 4.—The facilities for the exchange of notes for silver seem ample; on the other hand, facilities for exchanging silver for notes might be greatly increased by authorizing officers in charge of Government treasuries, where there are no branch banks acting as agents for the Government currency, to cash and exchange notes; but whether this would tend to give greater circulation to notes among the Native community is doubtful.

No. 5.—I speak with diffidence, but, judging from my experience of Natives and their habits of thought and feeling, I am inclined to think that the present arrangement of circles, with a separate note for each circle, is far from being well calculated to promote the reception of a Paper Currency by the Native population. Any thing novel excites distrust, and that distrust is increased, in the case of so startling a measure as the introduction of a Paper Currency, if obstacles are placed in the way of the ready convertibility of the notes; and such is undoubtedly the effect of the present arrangement of notes and circles.

Nos. 6 and 7.—For the reason stated above, I consider that one universal note for all India, convertible at the Presidency towns and also *at all the great trading marts*, would be

the most likely to command the confidence and liking of the Natives; at the same time, I feel sure it will be very long before notes get into general circulation.

No. 8.—I see no advantage in issuing notes of a smaller denomination than ten rupees.

No. 9.—No.

No. 10.—No. Not in this part of India, remittances are made entirely by hoondees.

No. 11.—Notes have not got into currency, but should they ever do so, there is no doubt that, for long time to come, Native bankers would exact discount in cashing them, and the greater the obstacles against obtaining cash for them on the part of Government, the higher would be the discount.

No. 12.—No, as yet Natives will not look at notes.

No. 13.—No. See reply to query No. 10.

No. 14.—From the answers to the foregoing queries, it will be seen that there is no chance of our supply of silver running low owing to the large number of currency notes being presented for encashment.

No. 15.—No.

No. 16.—No reply required.

No. 17.—The average value of the Government gold mohur in the bazars of this district is Rs. 15.

Nos. 18 and 19.—The English sovereign sells for Rs. 10, but is rarely to be met with.

No. 20.—No. They probably bear a higher value at the Presidency towns, being in more request there.

No. 21.—No reply required.

No. 22.—The people are certainly fond of gold for hoarding and converting into ornaments, but, as yet, gold cannot be considered to be in circulation.

No. 23.—Yes, I feel sure they would, especially if it were intrinsically worth the sum it purports to represent in silver.

No. 24.—Without doubt gold coins of Rs. 15, 10, and 5 would find more favour in their eyes than notes of like values. The most ignorant know that gold is the most precious of metals, and they would soon learn to recognize coins of different values; not so with paper. Some degree of enlightenment is required before a currency, of which the intrinsic value is nothing, and the distinguishing marks on which require a certain amount of education for their recognition, is received with confidence and finds favor.

No. 25.—It is possible that a Gold Currency may help the establishment of a Paper Currency, but I am not myself inclined to attach much weight to this argument for introducing a Gold Currency.

No. 26.—Gold would so far assist the outlying treasuries in ensuring the convertibility of the note, that gold is more easily transported from place to place than silver, and in cases of emergencies, large sums might be obtained in this manner in a comparatively short time and at a small cost.

No. 27.—Shroffs and Native bankers of this district say they would prefer a mixed Gold and Silver Currency; they are suspicious of the paper.

No. 28.—Gold does not circulate in the true sense of the word; it is *bought and sold* for melting down into ornaments, or for hoarding like any other commodity, and its value fluctuates like that of any other commodity within certain small limits.

No. 29.—No, not as means of currency.

No. 30.—The names of the mohurs which are to be had in the bazars of this district are as follows:—the Kuldar mohurs, 12½ mashas, value Rs. 20; the Joypore mohur, 11 mashas,

value Rs. 15-8; Bootkee (a Belgium coin), new, 3½ mashas, Rs. 5; old, 3½ mashas, Rs. 5-4; Tilla (a Bokhara coin), 4 mashas 5 ruttees, Rs. 6-4; old Tilla, same weight, Rs. 6-6.

No. 31.—These all pass strictly for their intrinsic values.

No. 32.—And not according to any artificial value, that is to say, the value that has been assigned them has reference to the quality of the gold of which the coin is by reputation composed, and not to its quantity relatively to any other gold coin; this will be seen by comparing the values of the two descriptions of "Tilla" detailed above, which are of the same weight.

From the Assistant Collector in charge of the Treasury, Shahjehanpore,—dated the 10th March 1866.

I have the honor to forward answers to the questions contained in your Circular dated 16th ultimo.

The answers to questions 5, 9, 25, and 26 are by Mr. Daniell, Joint Magistrate and Deputy Collector.

No. 1.—The Government currency notes in this district are not used at all by the Native community in private monetary transactions.

No. 2.—The reason of the depreciation is, that the note can only be cashed of right at Allahabad. Convertibility here depends, under present orders, upon the proportion of the notes actually in the treasury to the maximum amount of notes fixed for this treasury by the Accountant General. There is besides no regular treasury officer here, and the practice of the various Deputy Collectors and Assistant Collectors, temporarily in charge, has not been uniform as regards the exercise of their discretion under the existing orders in reference to the cashing of notes on application. The average rate of discount is from 2 to 4 annas per 100 rupees, or ⅛ to ¼ per cent.

No. 3.—Notes have always been freely given for silver in this treasury, and, at present, I cash notes readily, as our maximum stock is fixed at Rs. 50,000, and we have only Rs. 24,000 worth now in hand.

No. 4.—The above plan, of course, affords sufficient facilities to the public for procuring notes; and from the small number of notes now circulating in the neighbourhood, the present means of cashing them seem to be sufficient. Judging from the rareness with which notes are presented at this treasury to be cashed, I do not think that there is any likelihood that, under the present system, the completion of our stock to its fixed maximum will make it necessary for me to refuse such applications.

No. 5.—I do not consider the arrangement well calculated to promote the reception of a Paper Currency by the Native population; but I would retain it as being a good arrangement for regulating the issue of notes, and affording the best means circumstances admit of for regulating the Paper Currency, if it should ever become more extended than at present.

No. 6.—Neither. I would not increase the number of circles, as the duty of regulating the Paper Currency should be centralized as much as possible, and be divided among as few offices as possible, in any given portion of the Empire, *e. g.*, the North-Western Provinces. My objection inferible from my answer to question 5 is to the comparative "inconvertibility" of the currency notes arising from their only being convertible on demand at the head office of issue of the circle. I know no reason why this restriction should be imposed on the convertibility of the notes unless it were from a fear that some treasury might be suddenly drained of silver and swamped with notes, if the notes were "convertible on demand at any treasury in the circle." I think this apprehension unfounded, and that such a contingency is not at all likely to occur, except in the event of some political disturbance, causing a general fall in the value of all Government securities. To meet this remote possibility, a condition might be attached to the cashing of notes at district treasuries to the effect that a Collector might refuse to cash notes when his doing so would leave him without funds to meet the

current demands for cash, which it might be obligatory on him to discharge. The note, in this case, would be convertible at the nearest treasury. The note, in all cases, would be convertible on demand at the head office of issue in the circle. My reason for thinking it unlikely that any treasury would unexpectedly be drained of silver is, that if any large number of notes were in circulation in a particular locality, the fact of their being so would prove the necessity of their remaining in circulation for the purposes of the commerce of the locality; and it follows that no great number of such notes could be thrown on the treasury at once, without deranging the course of business in a manner which would cause more loss to the holders of the notes than they could compensate themselves for by converting them at the treasury into cash, save and except in the case, before adverted to, of some political cause occurring to depreciate all Government securities. The effect of the condition above alluded to, which at present attaches to the conversion of the note at the head office of the circle of issue only (I pass over the discretionary power given to collectors to cash notes, as being beside the question), is that they are at a discount in the bazar. Small dealers decline to take notes, because they know that they cannot obtain money for them except at a loss; bankers will not cash notes, except at a premium, because they know that dealers will not take them at par. Each cause re-acts on the other, and the notes remain at a discount; it is in vain that the legislature decrees that notes are legal tender at their nominal value, in payment of debts, as long as they do not pass from hand to hand as an equivalent for the money value they are supposed to represent. The public, in the long run, will not accept at par notes which it can only part with at a loss; and until the cause of this is removed, and notes do pass from hand to hand like coined money, they will never be found to be so convenient a medium of exchange as to supersede, to any appreciable extent, the use of metallic currency for the purposes of daily business. The remedy for this is to make them convertible at every treasury in the circle. A man would then take notes at par, not because he intends to cash them at the treasury, but because he knows that being convertible at the nearest treasury, his neighbour will give him their full value for them. I have heard it argued that notes ought not to be convertible at every treasury, because the Bank of England's notes are only convertible at the Bank of England. When Allahabad is as easy of access to every town in the North-Western Provinces as London is to every town in Great Britain, the arguments may be held to apply, and not before. I do not go into the question of the "reserves" that should be kept up at the local treasuries to meet demands for conversion. Space does not permit me to. It is, however, sufficient to compare the lakhs of rupees lying idle in almost every treasury in the country with the actual amount of notes in circulation, nay with the possible amount of notes which might be brought into circulation, and the difficulty vanishes at once.

No. 7.—No; the plan I recommend, as may be gathered from the foregoing explanation, is to leave the present arrangement of circles alone, and make the notes convertible on demand at every treasury of the circle, provided that the collector has funds for the purpose without embarrassing himself in respect of other obligatory payments, which he may be called on to make.

No. 8.—Certainly a 5-rupee note would meet the exigencies of the retail bazar transactions of every class of dealer. It is a fractional part of every note of a larger denomination. Its use would, therefore, greatly facilitate the settlement of every sort of account.

No. 9.—It is the opinion of every Native I have ever spoken to on the subject that a 5-rupee note would be of far greater use and have a greater circulation than notes of any other denomination; and it seems clear that such must be the case, for, assuming that a Paper Currency is required at all, the nearer the value of the notes approaches to the value involved in each separate transaction of trade, the greater the demand will be for them; and petty transactions being infinitely more numerous in the daily business of the bazar than large ones, it follows that the lower the denomination of the notes, the larger will be their circulation.

No 10.—Notes are very little used by the shroffs and bankers for remittance, as they are considered less safe in transport than hoondees.

No. 11.—The custom of exacting discount on notes does obtain here.

No. 12.—The shroffs and bankers here do not habitually buy up notes with a view to cashing them at head quarters. No doubt a banker will purchase a note at a discount, and then will realize the value where best he can. But the number of notes in circulation being at a minimum, there is no inducement to make a special business out of the discount.

No. 13.—The note is not preferred to the hoondee for remittance on account of the greater insecurity of the former.

No. 14.—I should apply to the Accountant General, North-Western Provinces, and to the nearest treasuries. Silver could reach this treasury from Bareilly or Furruckabad by road in thirty hours. But the contingency is not at present likely to arrive, as our maximum stock of notes is fixed at Rs. 50,000, beyond which limit no notes would be received.

Nos. 15 and 16.—No such case has yet occurred.

No. 17.—The Government gold mohur varies from Rs. 14-12 to Rs. 14-14.

No. 18.—The English sovereign varies from Rs. 10 to Rs. 10-2.

No. 19.—The Australian sovereign is not known here.

Nos. 20 and 21.—The Government gold mohur and English sovereign bear a higher value in the Mofussil bazars than in Presidency towns. They do not circulate in general monetary transactions, and are valued for purposes of hoarding or display, or from convenience of transport in a journey. Their not being in circulation creates a difficulty in procuring them in the Mofussil, and gives them, therefore, a fictitious value.

No. 22.—Gold is valued for hoarding, not as a circulating medium, unless in the case of travellers as above remarked.

Nos. 23 and 24.—The Natives would, no doubt, appreciate the material convenience of a Gold Currency. I think also that a great mass of them would, *ceteris paribus*, prefer gold coins to notes, as being a more tangible token of value; but I should imagine that the permanence of a Gold Currency would be very little affected by such feelings.

No. 25.—I answer questions 25 and 26 with much diffidence. I am not sure I understand the drift of the questions. I would, however, say that a Gold Currency being established, its effect would be to release an equivalent (or nearly so) value in silver, and throw it on the market for purposes of commerce. I am under the impression that the amount of the metallic currency in the country is quite inadequate to the requirements of its inland trade, and that, therefore, all the silver coins, which may be replaced in any way by gold, would quickly be absorbed in the circulation and not held back or reserved to any appreciable extent. The free circulation of currency notes from hand to hand as a substitute for metallic currency depends, as I have attempted to show above, on the knowledge that they can always be converted into coin on demand. The greater, therefore, the circulation of the metallic currency, the greater the facilities for obtaining silver for notes, and the greater, therefore, must be the circulation of notes. In this way, then, I think that a Gold Currency being established, and gold being held in reserve by traders, an impulse would be given to the circulation of notes.

No. 26.—It follows from the above argument (provided it is a sound one) that a Gold Currency would assist the district treasuries in ensuring the convertibility of the notes, inasmuch as the demand on the treasuries for silver in conversion of notes would be reduced in proportion to the increase of the metallic currency circulating in the markets of the district, it being much more convenient for traders, *ceteris paribus*, to obtain silver for notes (when they may require it) from those they deal with than from the Government treasury—*e. g.*, A has to pay 96 rupees to a *Bunniah* B; if silver is abundant, and the note convertible on demand at the treasury, B takes from A a 100-rupee note and gives him Rs. 4 as change. This saves A the trouble of going to the treasury, converting his note before paying his bill; but the argument requires no illustration.

No. 27.—The general opinion of the large shroffs and dealers in this city is in favor of a currency of silver, gold, and paper.

No. 28.—Bar gold does not circulate here.

No. 29.—Native gold mohurs are not used by Natives in this neighbourhood as a means of currency, though they are bought and sold like other articles of commerce.

Nos. 30, 31, and 32.—The names of the current values of the gold mohurs here known are—

	Rs.	A.		Rs.	A.
1. Sarkari	14	12	to	14	14
2. Jeypore	16				
Lucknow.					
3. Sher Shahi	15	2			
4. Pari	15				
5. Shamsher	15	2			
6. Machchli	15	2			
7. Putli	14	14			
Delhi.					
8. Pachmal	15	12			
9. Muhammad	16				
10. Ganhar	15	8			
11. Delhi	15	14			
Furruckabadi.					
12. Of year 31	14	14			
13. „ before 31	14	8			
14. Najibabadi	15	4	(rare).		
Kaldar, *i. e.*, struck in a Mint.					
15. Old Kaldar	19	4			
16. Double	17				
17. Akbar Shahi...	15	12			

These values are not regulated merely by the quality and weight of the gold, but are artificial values, slightly in excess of the intrinsic values. The existence of such artificial values arises, however, not from a reference to the denomination of the coins, nor from any regard for the State from which the coins may have proceeded, but simply from a general idea that minted is purer than other gold. This prejudice creates a demand for minted gold to work up into ornaments. The excess is stated to me as averaging three per cent.

From the Officiating Hoozoor Deputy Collector in charge of Shikarpore Treasury,—dated the 9th May 1866.

I have the honor to submit the following replies to queries received with your Circular letter of 16th February last.

No. 1.—Government currency notes are not much used by the Native community except as a medium of remittance.

No. 2.—Being paper and of no intrinsic value, they are not freely taken in private monetary transactions, but are not on that account depreciated, as every facility for their exchange is afforded by the hoozoor and district treasuries.

Nos. 3 and 4.—*Vide* paragraph 2.

No. 5.—The present arrangement of circles, with a note for each circle, is not, in my opinion, calculated to promote the extension of a Paper Currency, nor its reception by the Native

community. I would recommend an universal note for all India convertible at the Presidency towns and at certain specified treasuries. Under the present arrangement, a Sindee trader finds the notes of his circle almost useless to him in the Punjab and Bombay, and is obliged to fall back on the clumsy or dangerous alternative of hoondees, or carrying his money in rupees. Readily convertible currency notes would be preferred by traders, and quickly gain the confidence and liking of all classes.

Nos. 6 and 7.—*Vide* paragraph 5.

No. 8.—I would not propose a note of less value than 10 rupees.

No. 9.—I do not think notes of 5 rupees would have a larger currency than notes of greater value.

No. 10.—Notes are not much used by shroffs and Native bankers for purposes of remittance, their applicability to such purposes being too limited by existing rules and arrangement of circles.

No. 11.—Shroffs and Native bankers exact discount in all cases of cashing notes ; but as every facility is afforded for cashing notes by the local treasuries, they have not many opportunities.

No. 12.—I have not heard of any case in which shroffs or Native bankers purchased notes at a discount for the purpose of encashment at head quarters of circles ; *vide* paragraph 11.

No. 13.—Shroffs and Native bankers prefer hoondees to currency notes for remittances at par.

No. 14.—As I am precluded by the existing rules from cashing notes in excess of the value of those issued by me, my reserve of silver cannot run very low. Supposing it did, I should apply to Kurrachee. There is a railway from Kurrachee to Kotree, and steamers plying on the Indus thence to Sukkur, which is twenty-four miles from Shikarpore.

No. 15.—The demand for currency notes in Shikarpore, for reasons above stated, is very limited, and we have always been able to meet it.

No. 16.—*Vide* paragraph 15.

No. 17.—The average value of the gold mohur is Rs. 16 in the bazars of Upper Sind.

No. 18.—The average value of the English sovereign is Rs. 10-4.

No. 19.—The Australian sovereign is not known.

No. 20.—Gold coins generally bear a higher value in Mofussil bazars than in Presidency towns, apparently owing to their suitability for purposes of hoarding and ornamentation.

Nos. 21, 22, 23, and 24.—*Vide* answer No. 20.

No. 25.—A Gold Currency would probably help to establish a Paper Currency.

No. 26.—A Gold Currency would, I think, help outlying treasuries in ensuring the convertibility of the note.

No. 27.—Shroffs and dealers in currency prefer a Silver, Gold, and Paper Currency.

No. 28.—Bar gold does not circulate in this neighbourhood.

No. 29.—Native gold mohurs are not used as means of currency in this neighbourhood.

Nos. 30, 31, and 32.—*Vide* paragraph 29.

From the Officiating Deputy Commissioner and Judge of the Small Cause Court, Simla,—dated the 16th March 1866.

In reply to your Circular dated 16th ultimo, I have the honor to submit replies to the several queries therein contained.

It must be borne in mind that Simla is a very exceptional place in many ways. It lies right away from the main lines of traffic, and the whole revenue of the district does not exceed Rs. 17,000 per annum. Some of the tributary chiefs, who really belong to the Jullundur division, such as Mundee and others, pay in their nuzzerana here, as well as those belonging to our own division, that of Umballa.

No. 1.—Currency notes *are* received and paid away at their full value in business transactions.

No. 2.—If a person wishes to have a note cashed, apart from any business transaction, he is generally charged 2 annas to 4 annas per cent. If a small note, such as one for Rs. 20, only be presented, discount might be charged up to 8 or 10 annas per cent.

No. 3.—As a rule, notes are cashed at all treasuries, except Lahore, only for travellers, but the converse, of course, does not hold; any one presenting cash can get notes in exchange for the amount, according to the stock of notes in the treasury.

No. 4.—I consider that the facilities now existing are quite sufficient under the present system, but that system itself I would alter (*vide* next reply).

Nos. 5, 6, and 7.—I would prefer one universal note for all India, as noted in question 7. At present currency notes can only be received and cashed in the circle of issue, which often occasions inconvenience. By the proposed change, a banker here might send Lahore circle notes to any part of the country with the certainty of their being cashed, if not at that place itself, at least at some contiguous principal treasury.

No. 8.—The few mahajuns here seem to think it would be an advantage to have notes for Rs. 5. I do not myself think that any necessity exists for a lower denomination of note than that for 10 rupees. I should prefer the half-sovereign.

No. 9.—The banking community here think that notes for 5 rupees would have the same circulation as those for 10 rupees.

No. 10.—Shroffs generally prefer bills, *i. e.*, treasury transfer receipts and hoondees, to Government currency notes for purpose of remittance, as there is a fear (they say) of the notes being lost (this is of course futile—they could send halves). But where a treasury order cannot be obtained, they send notes readily. There is a great demand here for supply bills all the year round, chiefly on Delhi.

No. 11.—Answered before in reply to question No. 2.

No. 12.—No such practice appears to prevail here. Notes received by mahajuns are paid into the treasury for supply bills on Delhi, Loodhiana, Saharunpore, Furruckabad, &c., to a considerable extent.

No. 13.—No, for the reason given in reply to question 10. They generally prefer hoondees.

No. 14.—Under the present system, whereby notes are not of necessity cashed, except for travellers, such a contingency is extremely improbable. Should it occur, Umballa (which can be reached in twenty-four hours), and Lahore (in little less than three days) would naturally be first applied to, perhaps Loodhiana also, and notice be sent to the Accountant General, Punjab, at Lahore. The telegraphic communication between all these places would likewise be of use in such an emergency.

No. 15.—Not that I am aware of.

No. 16.—Indents, so far as I am aware, have been readily complied with, and there is a fair stock of notes in the treasury at present.

No. 17.—The Government gold mohur ranges in value from Rs. 14-12 to Rs. 15.

No. 18.—The English sovereign from Rs. 10 to 10-3, or Rs. 10-4.

No. 19.—The same as the English sovereign. Natives hardly ever know any difference, the weight being the same exactly—the difference is in the proportion of alloy only

No. 20.—Yes, certainly, 3 or 4 annas more.

No. 21.—The reason, I should say without any hesitation, is that the circulation of sovereigns is so very much smaller in the Mofussil than in the Presidency towns.

No. 22.—I think they are, as far as my own experience goes, especially in the hills about here.

No. 23.—Yes, I believe a Gold Currency would find favor with the Natives.

No. 24.—Certainly, as being more indestructible and more readily convertible. Many a small dealer, who would look dubiously at a note, would change a sovereign at once.

No. 25.—I decidedly think so; the full question suggests the detail of the reply.

No. 26.—Certainly, and the necessity of transporting cumbrous bags of rupees from one treasury to another would be enormously reduced.

No. 27.—As far as I am able to ascertain the feeling of the few members of the class in Simla just now, I think they would prefer the Silver, Gold, and Paper Currency.

No. 28.—I am not aware that bar gold *circulates* here; it comes up from Delhi, but is soon broken up for ornaments, &c., and is found only with jewellers, and perhaps a few shroffs. There are no guarantees for ensuring its purity; but, I believe, this is seldom lessened or tempered with in any way.

No. 29.—Gold mohurs are not used by Natives as means of currency. Those that are to be found in the bazars, and their value, are the following:—

		Value. Rs.	A.	In Delhi. Value. Rs.	A.
Chiefly in use	Old Jeypore, of 10¾ mashas ...	16	8	16	3
	New Jeypore, of the same weight ...	16	2	16	0
Mahomedshahee (very few in circulation) ...		15	8		
Moorshedabadee, of 12 mashas		20 or 19	8	19	8
Rajshahee (Puttiala) short of 10¾ mashas ...		15	2	(rather scarce).	
Rajshahee (Nabha), seldom seen.					
Government gold mohur ...	Rs. 14 12 to	15	0		
English sovereign, of 8 mashas ...	„ 10 0 to	10	4		

From the Deputy Commissioner, Singbhoom,—dated the 8th March 1866.

In reply to your Circular, I have the honor to furnish my replies to the questions put by the Commission for a Government Paper Currency.

No. 1.—Yes.

No. 3.—My practice is, as far as my available cash will allow, to encourage the exchange of notes for silver and silver for notes.

No. 5.—I know nothing at all about circles of Paper Currency, and have, therefore, no experience to be able to reply to questions 5 and 6.

No. 7.—In my opinion, one universal note for all India would be the thing, convertible wherever cash was available; but certain treasuries, from the smallness of their incomes, should have the option of declining when there was not much cash at their disposal.

No. 8.—The lowest limit for notes, I think, should be Rs. 20. No convenience would arise from smaller amounts, as it is quite as easy for a person to keep Rs. 5 in cash in his pocket, as a note for that amount.

No. 10.—Yes, when they can get them.

No. 11.—Yes.

No. 12.—No.

No. 13.—I do not think there are any mahajuns here wealthy enough to issue private hoondees. Notes are, therefore, used out of necessity. They are preferred to Government hoondees from the saving of premium.

No. 14.—I have said before that it should be optional with me to cash notes or not. If I am obliged to cash them, my sources of supply would be Midnapore and Ranchee, with both which places there are cart roads.

No. 15.—Yes; I do not know the reason why my indents have not been complied with

No. 17.—The gold mohur is not in circulation in this district, nor English sovereigns, nor Australian sovereigns.

No. 20.—No experience on this point.

No. 22.—The people are fond of gold for jewels and ornaments, not for hoarding or circulation.

No. 23.—The Natives in my district are not sufficiently advanced to give an opinion, or to express their likeness for a Gold Currency.

No. 25.—If a Gold Currency were taken kindly to, it would necessarily help the establishment of a Paper Currency.

No. 26.—Yes.

No. 27.—I have no large shroffs and dealers to give an opinion on currency.

No. 28.—I have never seen any bar gold in my district.

No. 29.—Not at all, except for ornaments, when they sell for their intrinsic value only.

From the Assistant Commissioner in charge of the Treasury, Sirsa,—dated the 10th March 1866.

With reference to your Circular of the 16th ultimo, I have the honor to reply as follows.

No. 1.—No.

No. 2.—Since the Accountant General, in his Circular, No. 145, dated 27th July 1864, has authorized treasury officers to receive currency notes only in payment of revenue and of other Government claims, accordingly, as they are not cashed by Government on all occasions of demand, people do not fully appreciate their value, and look upon them as means of replenishing the treasuries in cases of a great monetary crisis, &c. The average rate of discount charged here is 1 per cent.

No. 3.—None, except that the Accountant General has authorized treasury officers to take currency notes in exchange for silver from travellers. The notes in store at the treasuries can, of course, be bought for silver.

No. 4.—I believe that the demand for currency notes would be materially increased, if the notes issued at the smaller treasuries could be cashed either at the issuing treasury, or, as the present system allows, at the option of the holder.

No. 5.—I would prefer one universal note for all India, which should be stamped at the issuing treasury on the day of issue, and should be cashable as proposed in answer 4.

No. 6.—As above.

No. 7.—As above.

No. 8.—As I am of opinion that a Gold Currency is not practicable here as long as silver remains the standard. I believe the 5-rupee note might be used with advantage, and that it would be used for remitting small sums, as more convenient than stamps; the system of post office remittances not being in operation here.

No. 9.—I do, as, if stolen, the loss is not of so much consequence.

No. 10.—No, not much, as the bankers are afraid of the notes being stolen during transit by post, especially as in that case it is extremely difficult, or almost impossible, to recover the amount; the post office not being answerable for the delivery of the contents of a letter.

No. 11.—Yes; should, however, any great crisis occur in which, owing to the failures of banking corporations, the hoondees are not trusted, the notes are received at par. (*Vide* answer to question 15).

No. 12.—Yes, they often do, but not to a large extent, as the notes are liable to be lost by post.

No. 13.—No, the shroffs do not prefer notes to hoondees, owing to the fact that even when a hoondee is lost the amount is easily readily recoverable.

No. 14.—We have the main district road from and to Ferozepore and Hissar. Having obtained the sanction of the Accountant General of the province to the application for reinforcement, we can obtain any amount from the nearest treasuries—Ferozepore and Hissar. Unless otherwise ordered by the Accountant General, we should apply first to the Hissar treasury as the nearest. As, under the present system, Government notes can only be cashed in this treasury in payment of Government claims, such a run is almost impossible.

No. 15.—Yes, one such run occurred in April 1865 during the cotton crisis, when several banking corporations failed, and hoondees lost their value.

No. 16.—Refused on the ground that the demand for notes far exceeded the working balance of the treasury. *Vide* Appendix A.

No. 17.—Rs. 14-12.

Nos. 18 and 19.—There are none in circulation.

No. 20.—No, as the demand must be greater in the Presidency towns.

No. 21.—*Vide* No. 20.

No. 22.—No, as they are rather poor.

No. 23.—I think not.

No. 24.—No, owing to the fluctuating value of gold under a silver standard.

No. 25.—No; in these parts silver is always held in reserve, unless, indeed, a total revolution were made in the standard.

No. 26.—It possibly would, were it practicable to change the standard entirely.

No. 27.—They have already silver and paper (note and hoondee). Were we to discontinue the note, they would still employ their own hoondee system. They are naturally averse to change, and would not, therefore, like the change from a silver to a gold standard, even if practicable. Were gold brought in merely as an auxiliary, they would like the change in proportion to the benefit they could derive from speculation on the fluctuations in its value: these, in a small town like this, would be very inconsiderable.

No. 28.—Yes, and is tested by fire or the touch-stone.

No. 29.—No, because their value is not fixed.

No. 30.—Jharshahie, Jeypore, Kuldar, Furruckabad, Mahomedshahie, Delhi.

No. 31.—No.

No. 32.—Their value is regulated according to the demand.

APPENDIX A.

Copy of docket, No. 3819, *dated the 3rd April* 1865, *from* W. Clark, Esq., *Officiating Deputy Auditor and Accountant General, Punjab, to the Deputy Commissioner, Sirsa.*

With reference to his docket, No. $\frac{87}{332}$, dated 29th ultimo, begs to state that the indent for currency notes received therewith has been complied with to the extent of Rs. 13,000, and requests to be informed of the grounds on which a supply of so large an amount as Rs. 1,68,000 is required when a sum of Rs. 20,000 is estimated as sufficient to be maintained as the working balance of his treasury.

From the Acting Collector of Surat,—dated the 17th March 1866.

I have the honor to submit replies *seriatim* to the queries contained in your printed Circular dated the 16th ultimo.

No. 1.—Government currency notes are not readily received and paid away by the Native community at their full value in private monetary transactions.

No. 2.—Because they are not cashed at par by the banks and shroffs in the Mofussil, but are discounted at the average rate of 8 annas per cent.

No. 3.—Facilities are afforded by this treasury for the exchange of currency notes for silver and silver for notes to the extent contemplated in the Government of India's Notification, No. 43, dated 19th March 1862, and their letter, No. 1792, dated 8th August 1865, that is to say, notes are cashed to a limited extent, and for small sums, as an accommodation to private parties or travellers.

No. 4.—The above facilities are very inadequate, and I would suggest that this department be authorized to exchange notes for cash, and *vice versâ, ad libitum*, and, when necessary, to indent upon the head treasury at Bombay for notes or cash for the purpose of replenishing its stock. Notes should also be received in payment of all Government revenue demands.

No. 5.—The present arrangement of circles, with a separate note for each circle, I consider well calculated to promote the reception of a Paper Currency by the Native population, and I see no objection to its being retained.

No. 6.—There appears to be no necessity for increasing the number of circles; but if offices of sub-issue be established at the chief local treasuries within each circle, the circulation of Paper Currency would be greatly facilitated and increased.

No. 7.—The plan of having one universal note for all India, to be convertible at the Presidency towns as well as at the towns where branches of the Bombay bank and Government treasuries are in existence, would also equally well answer the purpose.

No. 8.—I would not propose a note of the value of 5 rupees, there being no necessity for a note of such small amount.

No. 9.—Five-rupee notes would not, I think, have a larger currency than notes of a greater value.

No. 10.—Notes of greater value are used by the shroffs and Native bankers for purposes of remittance only when there is a premium on the purchase of hoondees.

No. 11.—Shroffs and Native bankers exact discount in all cases of cashing notes.

No. 12.—They buy up the notes at a discount for the purpose of sending them to the head quarters of circles to be cashed, when there is a premium on the purchase of hoondees.

No. 13.—The shroffs and Native bankers do not prefer notes to hoondees for purposes of remittance; the latter, in case of destruction or loss, being capable of being replaced by duplicates, which advantage is not enjoyed by the notes.

No. 14.—Under the restrictions quoted in the 3rd reply, the silver reserve never runs low. There is a railway line from the general treasury to this place—a distance of 163 miles—so that the former treasury can be indented upon for reinforcing the reserve.

No. 15.—This treasury has never had occasion to prefer an indent for notes, public demand being hitherto met only to the extent of the stock of notes in hand.

No. 16.—As no indents were ever preferred, there has been no refusal.

No. 17.—The Government gold mohur bears an average value of 15 rupees in the bazars.

No. 18.—The English sovereign bears an average value of Rs. 10-2.

No. 19.—The Australian sovereign bears an average value of, Rs. 10-0-3.

No. 20.—These coins generally bear a higher value in Mofussil bazars than in the Presidency towns.

No. 21.—Because the expense of carriage is added to their intrinsic value.

No. 22.—People are not fond of gold either for the purpose of hoarding or circulation. It is, however, a fact that immense sums have been converted into jewellery and ornaments of gold.

No. 23.—I think the Natives would like a Gold Currency for obvious reasons of convenience.

No. 24.—Gold coins of 15, 10, and 5 rupees would be more likely to find favor in their eyes than notes of like value, owing to manifest tangibility of the former.

No. 25.—A Gold Currency would hardly help the establishment of a Paper Currency, but would be a formidable rival to it. Some people are unable to make out the value of notes and to distinguish spurious from genuine ones.

No. 26.—Gold Currency would, I think, assist the outlying treasuries in ensuring the convertibility of the notes.

No. 27.—Large shroffs and dealers are averse to the creation or existence of any but Silver Currency, because they gain large profits by negotiating hoondees.

No. 28.—Bar gold does not circulate in this part of the country.

No. 29.—Native gold mohurs are not used by Natives as means of currency.

No. 30.—Their names are as follow:—Bombay, Delhi, Bengal, Madras, Jeypore, Orunzzebe, Akbar gold mohurs, and so on.

No. 31.—They pass for intrinsic value.

No. 32.—They do not bear an artificial value according to their respective denominations, or as proceeding from certain Native States.

From the Officiating Collector of Sylhet,—dated the 28th February 1866.

I have the honor to forward herewith a report from the Assistant Collector in charge of the treasury, containing the answers to the questions made in your Circular of the 16th ultimo, together with my note on the same subject.

From the Assistant Collector, Sylhet,—dated the 28th February 1866.

With reference to a Circular dated 16th February, from the Secretary to the Commission on the Government Paper Currency question, I have the honor to submit *seriatim* the following answers to the questions therein contained.

No. 1.—I believe the notes are freely circulated by the Natives in their private monetary transactions in the sudder station, and less freely, but to some extent, in the interior of the district. During my late stay in the extreme south-west of the district, I saw, on one occasion, a currency note tendered in payment of a claim, which shows that the notes have penetrated to the parts of the district at the greatest distance from the sudder station. I also am of opinion that the notes circulate at their full value; for, although it is a fact that commission would be charged in the bazar for cashing a note, still it is equally charged in giving a note for silver, and this must be regarded merely as a charge made for the accommodation afforded.

No. 2.—Requires no answer.

No. 3.—Treasury officers are, of course, restricted by the treasury rules in cashing notes; but the applications at this treasury are so extremely few that the restrictions are scarcely needed. So long as notes are procurable at the treasury, there is a regular demand for them, the only difficulty is to keep up a supply.

No. 4.—In giving silver for notes, I would suggest that much more freedom should be given to officers in charge of treasuries. I would allow notes to be cashed without limit, so

long as the silver in hand was equal to the average expenditure of a period in which the supply of silver could be replenished. If this limit were rendered, the officer in charge should be called on to exercise his judgment in cashing notes, for, with an instalment of revenue in prospect, notes might be cashed to a still further extent. In the case of Sylhet, a reserve equal to three months' expenditure would, I think, be quite sufficient, so long as no indents were made on the treasury for silver for Cachar and the Cossyah Hills. In the converse case, officers might be directed to indent for notes as they required them, and notes might be supplied up to the limit fixed with reference to the quantity of silver which passes through the treasuries in the territory in which the notes circulate.

Nos. 5, 6, and 7.—I think that the confidence and liking of the Natives would be measured by the extent of circulation and the convertibility of the note, in other words, by its practical usefulness to them. In this view, the scheme of one note for all India would be the most useful, but the facilities of forging such a note would be great, and two or three cases of successful forgery would perhaps give such a shock to the confidence of the Natives as would require years to overcome. I think a separate note for the jurisdiction of each of the local Governments would be a good means between the extremes of one note for all India and of a number of circles. These notes to be convertible to the extent mentioned in my reply to question No. 4 at the treasuries, and absolutely convertible at the seat of the several Governments.

Nos. 8 and 9.—No, I would not propose a note of 5 rupees; for I find, as a matter of fact, that notes of 100 rupees and of 50 rupees are asked for more frequently than those of 10 rupees. I would argue, *a fortiori*, that notes of 5 rupees would be still less sought after.

No. 10.—Notes are undoubtedly used for purposes of remittance to a very great extent. This is proved by comparing the accounts of the money order office with the register of notes.

No. 11.—A charge is made for cashing notes; but I do not consider it "discount," for reasons stated in my reply to question 1.

No. 12.—I do not believe that notes are bought at discount and sent to head quarters.

No. 13.—All the mahajuns whom I have questioned say they prefer notes to hoondees I believe they are generally preferred.

No. 14.—In the case supposed I would apply first to Dacca; a remittance would necessarily be sent by water, and if country boats were used, might be calculated to arrive within fifteen days of the date of indent. If a steamer happened to be available, this period might be reduced to ten days.

No. 15.—No; indents have always been complied with.

No. 17.—The Government gold mohur is scarcely ever met with; but is said to be worth from Rs. 15 to Rs. 15-12.

Nos. 18 and 19.—Sovereigns are at present unknown.

No. 20.—I regret that I can give no opinion on this point.

No. 22.—For purposes of circulation gold is unknown here; it is said to be principally used for making ornaments. On the question of hoarding, I have no means of judging.

No. 23.—As far as I can judge by the answers given to my questions, there is a considerable dislike to gold coins, on account of their real or supposed want of purity.

No. 24.—Gold coins of the value of 5, 10, and 15 rupees would, however, I believe, be a boon to small capitalists, who certainly are deterred from taking notes on account of their liability to destruction by damp and fire in the mat-houses.

Nos. 25 and 26.—On these points I am not qualified to give any opinion.

No. 27.—The mahajuns whom I have questioned express their preference for a Silver and Paper Currency, as at present existing.

Nos. 28 to 32.—Neither bar gold nor mohurs "circulate" to any extent. I am, however, informed that a "Moorshedabad gold mohur" is much valued, and is sold in some instances for as much as 20 rupees, or perhaps even more; the reason for this is said to be the purity of the gold of which these coins are composed.

Note by the Officiating Collector.

No. 1.—Government currency notes are readily taken from the treasury, and the supply has been quite inadequate to the demand. One Native would, as a rule, take a note from another at full value; but the scarcity of notes has hitherto prevented such a transaction from being common.

No. 2.—Notes are not, strictly speaking, at a discount, but a small per centage is charged in the bazar for giving silver for notes, as well as for giving notes for silver. The usual rate is 4 annas per cent.

No. 3.—Notes are readily exchanged for silver, or given in payment. They are very rarely offered in payments into the treasury, or for exchange for silver.

No. 4.—There is no restriction on paying out notes, but there is on taking them in exchange for silver. This seems altogether unnecessary at present. When notes become more common, it would probably be sufficient for each treasury to keep up a silver reserve, amounting to the average total demand for one, two, or three months, according to its situation.

No. 5.—Circles with a separate note for each cannot apparently *promote* the reception of a Paper Currency.

No. 6.—To increase the number of circles would be apt to cause confusion in calculation and accounts, and it is not easy to imagine what advantage could be derived from it. The present number of circles might be kept, or even be diminished. In either case, offices of sub-issue at the chief local treasuries are almost indispensable, if the separate note for each circle is to be maintained and the Paper Currency to be encouraged.

No. 7.—One universal note for all India would have many advantages over circle notes, if convertible at a moderate (yet not too limited) number of treasuries, besides those at the Presidency towns. A note current all over India would naturally be more popular than one current only in a limited circle. Such a note is actually more valuable both to its possessor and to the community at large, inasmuch as it may, and often will, save time, trouble, and even actual expense in exchange. The details of a currency system with only one general note would be much more simple than those of a currency with circles. The only apparent drawback to the general notes is the fear that more numerous and more successful attempts at forgery on a large scale would be made. This objection, however, has not been found to have much force in England, and if there is increased inducement and temptation to forge a general note, there is no reason why the difficulties of forgery should not be increased in the same ratio.

No. 8.—So far from proposing notes of the value of 5 rupees, I greatly doubt whether notes of 10 rupees value are not too low. It is difficult to imagine what class would care for 5-rupee notes. Natives and Europeans alike would prefer a gold coin of that value.

No. 9.—No. At present it certainly would *not*, and it is not probable that it ever would. Notes will, for many years to come, be used by the richer classes of Natives only. A man living in a bamboo hut, when he has 5 or 10 rupees to spare, is not likely to keep it in the shape of a piece of paper, which is constantly liable to being burned on the one hand, or rotted by damp and eaten by insects on the other. To the rich, a 5-rupee note would be no particular convenience.

No. 10.—At present notes are almost entirely used for purposes of remittance. This is, in a great measure, owing to their scarcity; but even with an increased issue, this will doubtless be the manner in which the great number of notes will be used for some time to come

It may fairly be doubted, however, whether the use of notes for purposes of remittance is a sound objection to a Paper Currency, or to any particular form of one. There may, perhaps, be objections to the practice on postal and commercial grounds; but the former may be met by improved registration rates, while for the latter (not to enter upon disputed grounds and lengthy argument), it may suffice to say that the very men who would naturally be expected to complain of this use of notes are the mahajuns, who themselves use the greater part of them for purposes of remittance.

No. 11.—*Vide supra.* Discount is generally, but not invariably taken.

No. 12.—No. Hitherto the notes, when available, have been taken from the treasury at par, and by far the greater portion of them remitted to Calcutta and other places.

No. 13.—Notes, especially those of high value, are cheaper than hoondees, and are accordingly preferred.

No. 14.—The first application would be to the Bank of Bengal at Dacca, to which place a letter will go in three days. There are now fortnightly steamers between Naraingunge and Chattock, so that assistance might be given from Dacca in three weeks at most. If, however, the Dacca reserve also were low at the time, the application would have to be forwarded to Calcutta; but as there is a weekly steamer between Kooshtia and Dacca, it could scarcely happen that more than a month would be required to obtain a supply of silver. It, therefore, appears that we should be quite safe in cashing notes till our silver reserve was reduced to two months' demand. It must be remembered, however, that the number of imported coolies in this district is increasing, and with that the demand for silver also, and that this treasury has some times to provide money for Cachar. In laying down rules for the silver reserve to be kept here, it would be necessary to ascertain first the probable annual amount to be transmitted to that treasury.

Nos. 15 and 16.—Only one indent was not complied with, and that on merely technical grounds,—the indent having, by mistake, been sent to the wrong quarter.

Nos. 17 to 22.—Gold coins are very little known in this district, and the very few that are here do not afford sufficient grounds for answering these questions.

No. 23.—Probably they would, even in this district where the general currency, fifty years ago, was in *cowries.*

No. 24.—There is little doubt that gold coins of the value named, especially the two lower ones, would be infinitely preferred to notes of like value.

No. 25.—A Gold Currency could not in any way hinder the establishment of a Paper Currency, and the one appears in some ways a natural step to the other. Gold is more easily and conveniently held in reserve than silver; but the material of which coined money is made does not seem to affect much the principle here referred to. It would probably be private notes or mercantile "bills" that would be affected by a trader's gold or silver reserve rather than Government currency notes.

No. 26.—A Gold Currency, or rather a Gold *and* Silver Currency, would be much more convenient in every way than a merely silver one, and would indirectly, if not directly, obtain this object also.

No. 27.—There are no large shroffs or dealers here, and no persons from whom an independent and definite opinion on currency could be obtained.

Nos. 28 and 29.—No.

Nos. 30 and 31.—There are a few of the Company's gold mohurs, and a few of the older ones. They do not circulate at all, but are sold occasionally for more than their intrinsic value.

No. 32.—One or two only are procurable in the bazar, and the price seems to increase with their age—the older ones having been made of purer gold.

From the Deputy Collector in charge of the Treasury, Tanjore,—dated the 14th March 1866.

With reference to your Circular dated 16th ultimo, I have the honor to submit herewith a memorandum of answers made, to the best of my ability, to the several questions therein contained, after consulting some of the chief shroffs and traders of the town on the subject.

No. 1.—Yes, they are generally received and paid away as silver at their full value.

No. 2.—No discount is allowed except in emergent cases, and when notes are refused to be cashed at the local treasuries.

No. 3.—Notes are cashed only to a limited extent, and for small sums to the extent of Rs. 100 as an accommodation to private parties or travellers. Small notes are exchanged for silver when required by private individuals for remittance on account of their own private affairs and not for mercantile transactions; notes are received when tendered in payment of Government dues.

No. 4.—Indeed the facilities now afforded are very insufficient. I would suggest that notes up to the value of Rs. 500 might be allowed to be freely exchanged on demand at all the district treasuries, and Rs. 100 at the talook treasuries.

No. 5.—No, I would not retain it for a moment; the Native community generally make no difference between a Trichinopoly circle note, a Vizagapatam circle note, and a Bombay note. I do not see any earthly use in having circles, with a separate note for each circle.

No. 6.—I would do away with circles entirely.

No. 7.—The Natives one and all prefer the plan of having one universal note for all India. Notes of larger sums than Rs. 500 might be allowed to be converted on demand at the Presidency town and at certain specified treasuries. The Native community have entirely failed to see why there should be circles, with a separate note for each circle.

No. 8.—Yes, the majority of the Natives require small notes of Rs. 5 for their convenience in transit. They are poor, they go from village to village, bazar to bazar, sendé to sendé (fares), with small sum of silver in hand; they would prefer carrying a note of Rs. 5; many a poor man has not unfrequently enquired with curiosity why there was no note of Rs. 5.

No. 9.—Yes, undoubtedly.

No. 10.—Yes.

No. 11.—Not in all cases. In certain cases, the Native bankers exact discount owing to the restrictions placed by Government in exchanging notes at the district treasuries; the Native bankers in fact take advantage of the limited extent to which the notes are cashed in the Government district treasuries.

No. 12.—No such practice exists in this district.

No. 13.—No, for they are afraid of losing notes, which would entail a permanent loss on the holder, the postal department being unsafe, whereas the loss of a hoondee may be made good by obtaining a fresh order from the banker.

No. 14.—Tanjore is connected with Trichinopoly by rail. I would apply first to the Trichinopoly Treasury.

No. 15.—No, because there was no occasion in this district to make large indents owing to the restrictions alluded to in answer to question No. 3.

No. 16.—No such thing has occurred in this district.

No. 17.—The Government gold mohur is scarce in this district. Its average value is Rs. 15¼.

No. 18.—Rs. 10-4.

No. 19.—Rs. 10-1.

Nos. 20 and 21.—Yes, because their supply in the Mofussil bazars is less than in the Presidency towns.

No. 22.—Yes, the Natives are extraordinarily fond of gold for the purpose of hoarding and circulation.

No. 23.—Very much indeed, for they are more accustomed to hoard than to invest capital.

No. 24.—Yes, they have more confidence in gold than in paper.

No. 25.—Yes, it would, until the notes are a legal tender at the Government treasuries.

No. 26.—Yes, to some extent.

No. 27.—They are anxious to have silver, paper, and gold.

No. 28.—Yes, to a large extent, its purity is tested by touch, that is, by rubbing the gold upon a piece of a rough touch-stone.

No. 29.—No.

Nos. 30, 31 and 32.—None in existence.

From the Collector of Tanna,—dated the 19th March 1866.

Referring to your Circular dated 16th ultimo, I have the honor to furnish you with answers to the queries put by you.

No. 1.—Persons carrying on extensive trade and the higher class of shroffs readily receive and pay Government currency notes at their full value in their private monetary transactions; the smaller traders carry on their money transactions in cash, and seldom use notes.

No. 2.—Shroffs and traders do not, as a general rule, pay any discount on receiving and cashing currency notes, but some times they do so at the rate of 2 to 4 annas per cent. This rate depends upon the rate ruling in the bazar.

No. 3.—In conformity with the instructions contained in the Government of India's Notification, dated 19th March 1862, and published at page 548 of the *Bombay Government Gazette*, dated 3rd April 1862, orders have been issued to the district treasury officers to receive, if offered, currency notes in payment of Government demands, to issue them when demanded in payment from Government, and to pay money for a currency note worth Rs. 50 and below, to any individual on application.

No. 4.—I consider the present facilities insufficient, because people are inconvenienced by their not being able to obtain silver in lieu of currency notes without proceeding to the sudder station. I, therefore, suggest that facilities may be augmented by allowing every one to exchange his currency notes for silver in every Government district or hoozoor treasury, without any limitation as to the value of the notes, when it can do so without inconvenience to public interests. This would also increase the confidence of the people in currency notes. By allowing this practice, I do not think the treasury work would be much more increased.

Nos. 5, 6, and 7.—I do not consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of the notes, because the people are obliged to convert the notes within the respective limits of the circles, which inconveniences them to a great degree. I would suggest that there should be one universal note for all India, without any reference to circles or divisions. This would, in my opinion, increase the reception of notes; the people being at liberty to convert them wherever they liked to do so.

No. 8.—I would propose a note of the value of 5 rupees being introduced, on the grounds mentioned in answer No. 9: it would be more convenient.

No. 9.—I am of opinion that 5-rupee notes would have a larger currency than notes of a greater value, owing to monetary transactions of small amounts being carried on to a greater extent than for large sums. It would also prove a great convenience to the community in general.

No. 10.—Notes are not generally used much by the shroffs and Native bankers for purposes of remittances, because they are afraid of the risk of losing them in transit. Should hoondees miscarry, they have means of obtaining a duplicate, and recovering, in most cases, their losses, which, in case of notes, is not the case.

No. 11.—Shroffs and Native bankers do not exact discount in all cases of cashing notes. They do as stated in answer 2.

No. 12.—Tanna being near to the Presidency, the shroffs and Native bankers do not buy up notes at a discount, for the purpose of sending them to head quarters of circles for encashment.

No. 13.—Shroffs and Native bankers do not prefer notes to hoondees for the purpose of emittance, as stated in answer 10.

No. 14.—Such opportunities, as stated in query 14, have never, up to this time, presented themselves. Tanna being near to the Presidency and on the railway line, it has the greatest facilities for replenishing its treasury. I would first apply to the Bank of Bombay.

Nos. 15 and 16.—Such an instance has never, up to this time, been experienced.

No. 17.—Government gold mohurs are not current in Tanna, or in the bazars in its neighbourhood.

No. 18.—English sovereigns are not current in Tanna, or in the bazars in its neighbourhood.

No. 19.—Australian sovereigns are not current in Tanna, or in the bazars in its neighbourhood.

No. 22.—The people are fond of gold for the purposes of hoarding. It is not used for circulation.

No. 23.—The Natives would like a Gold Currency. Formerly there were gold coins called hons and mohurs.

No. 24.—Gold coins of 15, 10, and 5 rupees are likely to find more favor in the eyes of Natives than notes of like value.

No. 25.—Gold Currency would, I think, help the establishment of Paper Currency for the reasons stated in the query.

No. 26.—Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note.

No. 27.—Shroffs and dealers entertain a good opinion regarding the existing Silver and Paper Currency. They would also like to have Gold Currency in addition.

No. 28.—Gold bar circulates to a small extent. Its purity is ascertained by exposing it to fire, and its value by rubbing it on touch-stone.

No. 29.—There being a scarcity of Native gold mohurs, they are not now used by Natives as means of currency.

No. 30.—The following are the names of gold mohurs that are known here: Surat gold mohurs; Shadsaee gold mohurs; Bengalee gold mohurs; Akbarshaee gold mohurs; Shaehjhance gold mohurs.

Nos. 31 and 32.—They pass for their intrinsic value.

From the Deputy Commissioner, Tavoy,—dated the 24th April 1866.

With reference to your Circular of questions regarding currency notes, I have the honor to inform you that a currency note has scarcely ever been seen here. I can, therefore, give no answers to questions 1 to 16.

No. 17.—A Government gold mohur has never made its appearance here.

No. 18.—Rs. 10-8.

No. 19.—Never been seen.

Nos. 20 and 21.—I cannot say.

No. 22.—Very fond of it for hoarding when they can get it.

No. 23.—I do not think they would.

No. 24.—Yes.

Nos. 25 and 26.—I cannot say.

No. 27.—No such people here.

No. 28.—No.

No. 29.
No. 30.
No. 31.
No. 32.
} There are no such things here.

From the Assistant Commissioner in charge of Thayet Myo Treasury,—dated the 19*th April* 1866.

Replies to queries in the Circular dated 16th February 1866, regarding the working of Act No. XIX of 1861.

No. 1.—Not that I am aware of.

No. 2.—The town is in its infancy; rupees and copper coins are alone appreciated.

No. 3.—No difficulty.

No. 4.—See No. 3.

No. 5.—No.

No. 6.—See remarks to No. 7.

No. 7.—Certainly. A note convertible all over India is more valuable than one which is limited in its utility, and will, therefore, be more acceptable to all classes.

No. 8.—Yes. Principally on account of persons of small means being benefited by it, which will tend to popularize the notes.

No. 9.—In number, certainly.

No. 10.—Not in Thayet Myo.

No. 11.—Transactions of this nature are rare.

No. 12.—I can offer no opinion.

No. 13.—We have no shroffs or Native bankers in the place.

No. 14.—The steamer. By telegraph to Rangoon to the Accountant General. The steamer takes seven days to reach this place.

No. 15.—Never been presented.

No. 16.—See above No. 15.

No. 17.—The gold mohur is only looked upon as a curiosity here.

Nos. 18 and 19.—Rs. 10.

No. 20.—No.

No. 21.—The population does not care about the sovereign. I got rid of 500 sovereigns but only a few were taken by Burmese.

No. 22.—The Burmese are very fond of gold, but they like it to be pure. Hence, they do not care about the sovereigns for the purpose of hoarding. The population of this sub-district is poor. Of the 500 sovereigns issued at par, *i. e.*, Rs. 10, I have not seen or heard of one being tendered as payment in the town. If the sea-port towns accept the sovereign for circulation, which, I believe, they will in time from the example set by Europeans, it will only be a matter of a little more time for the sovereigns to be taken for circulation throughout British Burmah.

No. 23.—See previous remark No. 22.

No. 24.—This remains to be tried.

No. 25.—I think one would materially assist the other.

No. 26.—Yes.

No. 27.—See reply to No. 13.

No. 28.—Bar gold is not in circulation. Gold is tested by a black stone. Experienced Burmese are very good judges of gold.

No. 29.—No.

Nos. 30, 31, and 32.—See reply to No. 17.

From the Deputy Collector in charge of the Tinnivelly Treasury,—dated the 23*rd March* 1866.

With reference to your Circular of the 10th ultimo, I have the honor to submit the following replies to the queries therein contained.

No. 1.—No.

No. 2.—Chiefly in consequence of the local treasuries being restricted from cashing currency notes to all applicants. Discount ranges from ¼ to 1 per cent.

No. 3.—Under the orders of the Accountant General, treasury officers are unable to issue notes except for small sums when intended as remittances to the Presidency, nor are they able to cash notes except for travellers to the extent of Rs. 100, though they are permitted to receive notes for any amount in payment of Government dues. From this it would be seen that it is not at present at the option of officers in charge of Government treasuries to afford any great facilities for the exchange of notes into silver, and *vice versâ*.

No. 4.—The facilities now afforded are not sufficient. I would suggest that treasury officers be authorized to cash currency notes to all applicants to the extent their treasuries will admit, consistently with the other demands upon them, and to issue notes to all persons to any amount available from their treasuries.

No. 5.—No, and I should not recommend its being retained.

No. 6.—No, nor would I recommend the retention of any circles at all.

No. 7.—An universal note for all India, convertible at all treasuries, will be acceptable to all. The generality of people do not understand circles, and when they hear that the notes will be cashed only at particular places, they lose their confidence. If there is to be an universal note, it will become almost the sole medium of remittance from one country to another, and in a short time be bought and sold among the people themselves without the necessity of resorting to Government for encashment.

No. 8.—I would propose a note of 5 rupees. It would be a great convenience not only to travellers, but would be so to all persons who found it necessary to make small odd remittance of 5 rupees in addition to larger sums.

No. 9.—No, but it would have a considerable local circulation.

No. 10.—Notes were much used by shroffs and Native bankers for the purposes of remittances before the late restrictions were placed upon them by the Government.

No. 11.—No, not in all cases.

No. 12.—No.

No. 13.—Yes, when readily exchangeable at Government treasuries.

No. 14.—There is no railway near my treasury; in case of need, I would have to apply to the Accountant General, who will order funds from the neighbouring treasuries of Madura or Travancore.

No. 15.—No, my indents for notes have always been complied with, and I was able to meet the public demand for Paper Currency.

No. 16.—There was no refusal to comply with my indents.

No. 17.—Rs. 15-8, but it is rarely met with.

No. 18.—The English sovereign bears the value of Rs. 10-2 in the bazar.

No. 19.—The Australian sovereign Rs. 10-1.

No. 20.—I think so; but as my knowledge of the Presidency towns is limited, I am not able to state so with certainty

No. 21.—Because I think the Presidency towns are the places where these coins are landed.

No. 22.—Yes.

No. 23.—Yes.

No. 24.—Yes.

No. 25.—Yes, it would, as it is a less bulky coin, and therefore more conveniently secured by merchants and traders in their treasury boxes for the purpose of exchange and trade.

No. 26.—Yes, it would, as in case of a treasury running short, a fresh supply of gold could be obtained more easily than silver to meet the demand on it for cash for currency notes.

No. 27.—They like a Paper Currency, and they would prefer silver, paper, and gold.

No. 28.—No.

No. 29.—No.

No. 30.—Doody mohur, rupee mohur; the latter is a little purer than the former.

No. 31.—The mohur passes for higher value.

No. 32.—Gold mohurs being uncommon here, I am unable to say much about their value.

From the Assistant Collector in charge of the Treasury, Tipperah,—dated the 16th March 1866.

I have the honor to enclose the accompanying replies to the queries in your Circular of the 16th ultimo.

No. 1.—No; there is nothing approaching to a free circulation of notes in private monetary transactions. I am told that they are very seldom received and paid away at their full value; in fact, that they are seldom or never used, except for purposes of remittance.

No. 2.—It would be hardly fair to say that notes are depreciated. It is perfectly true that a person wishing to cash a note would have to suffer a discount of 3 per cent.; but, on the other hand, a person wishing to buy a note for purposes of remittance would have to pay a premium for it.

No. 3.—Notes are to be received in payment of Government dues, and to be issued without reserve, either in exchange for silver or in payment of sums due from Government. Treasury officers may not cash currency notes, except in small sums for the accommodation of private persons; but this treasury was specially authorized to cash notes by the Accountant General's memorandum, No. 1074, dated 26th April 1865.

No. 4.—Every possible facility is thus given for exchange of notes for silver, and *vice versâ*.

No. 5.—No.

No. 6.—No.

No. 7.—The universal note for all India payable at most, if not at all, treasuries. A Native refuses to take a note, because he knows that he will have to suffer discount on cashing it, unless he by accident comes across a person wishing to buy the note for purposes of remittance; whereas, if he knew that he could cash the note at the treasury of his own district, he would readily receive it on payment. It may be said that this might, on some occasions, lead to a drain of silver from treasuries. But if the general use of notes were established, this would be immaterial, inasmuch as persons would gladly receive notes on payment of Government dues, besides it would be a decided saving to Government in the expense of remitting treasure. One cause of the dislike shown by Natives in this place to the Paper Currency is that they verily believe that Government would, if it could, withdraw the bulk of silver from

circulation and substitute paper. No Native to whom I have spoken on the subject has the least idea of the use of Paper Currency as aiding or economizing the existing currency; they look upon it as mere matter of substitution.

No. 8.—I think it would be premature to issue notes of 5 rupees. I do not think that the ryots and petty traders—for whose convenience the 5-rupee note would, I presume, be issued—would avail themselves of small notes in the present state of the Paper Currency. The first step towards the general use of notes would be their free circulation among traders engaged in extensive transactions. That object being once attained, 5-rupee notes would doubtless be exceedingly convenient.

No. 9.—No, I do not think that it would at all at present. As I have said before, notes are only used here for purposes of remittance, for which purpose a 5-rupee note would be comparatively useless.

No. 10.—Notes are used by shroffs for remittance, but not to any considerable extent.

No. 11.—Yes; but at the same time when they sell a note, they do so at a premium.

No. 12.—No; on the contrary, one shroff in this place buys notes at par in Calcutta and Dacca, and sells them here at a premium to persons wishing to remit money. This is hardly reconcilable with the fact that the persons wishing to cash notes in the bazar have to suffer a discount, but I am assured that such is the case.

No. 13.—No, they prefer hoondees, as a safer means of remittance.

No. 14.—This is never the case, as there is always a superabundance of cash in this treasury. The nearest treasury is at Dacca (where the surplus is generally remitted), at a distance of 52 miles, of which there is a good road for 32 miles, the rest being water; and Chittagong is distant 93 miles, and to which there is a good road.

No. 15.—The demand for notes is at present confined to Europeans and officials. Last year an indent was made for notes to the Accountant General; the notes were refused. An answer to an indent for 60,000 rupees worth of notes has just been received. Large notes have been refused, but small notes, as per margin, have been granted to the amount of 13,000 rupees.

	Rs.
100 @ Rs. 50	5,000
200 @ „ 20	4,000
400 @ „ 10	4,000
TOTAL	13,000

No. 16.—Inconvenience was the only reason assigned for non-compliance with the indent of last year and the reduction of this year's indent.

No. 17.—Government gold mohur sells for Rs. 15 in the bazar.

Nos. 18 and 19.—Sovereigns are unknown.

Nos. 20 and 21.—I have no means of judging.

No. 22.—For hoarding only.

No. 23.—They say that they would like a Gold Currency, provided that the gold were soft and pure. This, I think, is sufficient to show that they do not look upon gold as a circulating medium; but that their sole reason for saying that they would like to have a Gold Currency is, that they would be able to get more gold for hoarding or for conversion into ornaments.

No. 24.—The preceding are the only grounds on which gold coins of the values proposed would be likely to find more favor in their eyes than notes of the same value.

No. 25.—No; I do not think it would. The gold, if it were pure, would be absorbed and hoarded by the richer Natives; if it were alloyed to the fineness of European coins, it would be rejected altogether. I do not think that gold would help the establishment of a Paper Currency by its mere substitution for silver as a reserve for traders.

No. 26.—No.

No. 27.—They say that they would prefer silver, gold, and paper, but they give no reason whatever for this assertion, and it is at variance with their expressed opinions on the details of the question. Every particle of information they have given me tends, I think, to show their

utter indifference to the existence of any other than a Silver Currency, with the sole exception of the enterprising shroff who buys notes in Calcutta.

No. 28.—To a limited extent. The touch is the only test with which the people here are acquainted.

No. 29.—Not for currency, but only for hoarding.

No. 30.—The following mohurs are to be had in the bazar :—

	Rs.
Tabuk Porana	20
Hal Porana	19
French Siccas	17
Company's Mohurs	15

The following are also found, but are very rare :—

Chyeyearee,
Akbaree,
Sootanee, and
Arcot Mohurs.

No. 31.—They are sold for their intrinsic value.

No. 32.—They bear no artificial value.

From the Collector of Tirhoot,—dated the 6th March 1866.

With reference to your Circular dated the 16th ultimo, forwarding questions on the subject of the Government Paper Currency, I have the honor to submit answers thereto, as noted below.

No. 1.—No.

No. 2.—Because, as a circulating medium, they do not hold the same value as silver in Native estimation. The discount ranges from 8 annas to Rs. 1-8 per cent., according to the scarcity or otherwise of silver.

No. 3.—See answer to question No. 14.

No. 4.—Quite.

No. 5.—No; I think the larger the extent over which the currency notes were made payable, the more they would be appreciated.

No. 6.—I would have a free circulation in every bank and treasury, and as few circles as possible. The more the notes are used, the more they will be appreciated. *Lost notes* are the chief drawback to the Native community.

No. 7.—Considering the territorial extent of "all India," this is a question not to be answered hurriedly. The post office is proverbially bad, and lost notes are a matter of every-day occurrence. Until the recovery of notes is easier, their safe conveyance certain, they never will be as popular *as hoondees to Natives.* The *one* note for India would only increase this confusion, though at the same time it is a question whether the convenience of a currency note convertible over the whole of India would not balance such disadvantage. I conclude it is certain that the larger the circle, the more universally would the note system be a conveniences

No. 8.—No, it would not circulate freely, and would be opposed by parties naturally receiving such small sums in *retail* transactions, and who would generally have to *discount* such notes, except at a treasury.

No. 9.—No, a smaller. India is not ready for small notes. A Gold Currency would be far better.

No. 10.—As a rule, no; though some times when the rate of hoondewan (discount) charged on hoondees rises higher than the usual rates, notes are used by the Native bankers for purposes of remittance.

No. 11.—Discount is always charged in cases of cashing notes, according to the rate then prevalent in the market, as stated in reply No. 1.

No. 12.—Yes.

No. 13.—No. For, in the event of a currency paper being lost, great difficulty and trouble is experienced in recovering the amount thereof. If a hoondee be lost, a duplicate and triplicate are issued without any trouble and detriment.

No. 14.—A large number of currency notes has never been presented for encashment, such practice being strictly prohibited. *Vide* Treasury rule 3, para. 3, part 1, Hume's Manual, page 612 A. But whenever the reserve runs short, and is found insufficient to meet cash demand, an application is made only to the Accountant General, Bengal, who issues orders for supply on the neighbouring treasuries, if possible.

No. 15,—Never.

No. 16.—No answer.

No. 17.—Average value in the market between 15 and 16 rupees.

No. 18.—Average value in the market between 9 and 10 rupees; very rare here.

No. 19.—Not known here.

Nos. 20 and 21.—I do not know.

No. 22.—Opinions contradictory; but inclining to not hoarding the alloy gold, but the contrary to pure gold coin.

No. 23.—The Natives like a Gold Currency, if it is without alloy.

No. 24.—Gold coins are much preferred to notes.

No. 25.—The Native opinion is, that it would not increase the note currency. But I do not think Natives yet appreciate or understand the value of a Paper Currency. If the Native bankers did so, they would be the first for the introduction of both.

No. 26.—In my own mind, yes, certainly.

No. 27.—They prefer (according to their replies to me) gold, silver, and paper.

No. 28.—Bar gold is scarcely in circulation here. Its purity is ascertained by melting a portion of it.

No. 29.—They are used, but not to any extent.

No. 30.—Akburshahee, Jeypore, Delhiwal, Chutterpooree, Muder Mullee, Moorshedabadee, Nepallee, Alumshahee, Kuldar, Mahomedshahee, Lucknow, Dukhnee.

No. 31.—Yes.

No. 32.—No.

From the Resident of Travancore and Cochin,—dated the 24th April 1866.

I have the honor to acknowledge the receipt, on the 12th ultimo, of your Circular dated the 16th February last.

2.—I have communicated with the Government of the Native States of Travancore and Cochin with the view of eliciting such particulars as may throw light upon the questions under discussion in reference to these Natives States, and cannot do better than send you the enclosed information received from the dewans as representing the existing state of internal currency transactions in these States, and the general feeling of the public on the subject, reserving only a few remarks more particularly relating to the residency treasury.

3.—Referring to questions 3 and 4, I may remark that the issue of currency notes from the residency treasury is, under the orders of the Supreme Government, No. 1792, dated the 8th August last, restricted to the accommodation of parties for private transactions to the exclusion of large mercantile transactions. Under existing rules, notes are receivable only in payment of Government dues, and are cashed to a limited extent and for small sums as an

accommodation to private parties and travellers. These facilities seem sufficient for general purposes; but a further discretion might be allowed for the treasury to cash notes in reference to the surplus silver coin which is not required for disbursement.

4.—The state of things described in query 14 is not likely to occur here, particularly if the cashing of notes is made discretionary, as suggested in the last paragraph, for the instalments of the Travancore subsidy come in monthly, and there are remittances made about every two months to the Cochin bank. The Tinnivelly Treasury on one side, and the Calicut Treasury on the other, are the nearest, the former being 90 miles distant by land, and the latter 230 miles, for the most part of which distance there is water communication.

5.—In reference to queries 15 and 16, I may observe that, owing to the increasing demand for notes, this treasury has not always been able to meet it, the indents being restricted under the orders of the Accountant General to the average of the past three months' sale.

6.—There are no transactions in gold in the residency treasury to throw light upon queries 18 and 19.

Information afforded by the Dewan of Cochin State.

No. 1.—The notes of the branch bank of Cochin are received and paid at their full value in private monetary transactions, but notes of the Calicut branch, or of the head office at Madras, are not always so received or paid, but are occasionally subject to discount.

No. 2.—The rates of discount on the notes of the Calicut branch are from 4 annas to 8 annas per Rs. 100, and on those of the head office at Madras from 4 annas to as high as 12 annas per Rs. 100.

No. 3.—We are unable to give a reply, never having had occasion to apply to the Government treasuries for such exchange.

No. 4.—Answered above.

No. 5.—The present arrangement of circles, with a separate note for each circle, is not, in our opinion, calculated to promote the reception of a Paper Currency by the Native population, and the merchants would be glad if the system of circles be not retained.

No. 6.—Answered above.

No. 7.—The plan of having one universal notes for all India, convertible only at the Presidency towns and at certain specified treasuries, is preferable, inasmuch as business transactions by this measure would be greatly facilitated, and discount would cease to be demanded.

No. 8.—No great advantage would result from the circulation of notes of the value of Rs. 5.

No. 9.—A 5-rupee note would not probably have a larger currency than notes of a greater value.

No. 10.—Not used much by shroffs and Native bankers for purposes of remittance.

No. 11.—It is not the practice of shroffs and Native bankers to exact discount in all cases of cashing notes, but discount is occasionally exacted.

No. 12.—No, for notes of the branch banks are not received except at a discount at the Calicut bank or at the head office at Madras.

No. 13.—No, hoondees are preferred to notes.

Nos. 14, 15, and 16.—These questions are for the banks and officers in charge of Government treasuries only to answer.

No. 17.—The average value of the gold mohur is Rs. 15-2 in the bazars of this neighbourhood.

No. 18.—The average value of English sovereigns is Rs. 10-2 for the sovereign bearing on its obverse St. George and the Dragon, and Rs. 10 for the sovereign bearing on its obverse the Royal Arms of England.

No. 19.—The average value of the Australian sovereign is Rs. 10.

No. 20.—Yes, they generally bear a higher value in the Mofussil bazars than in the Presidency towns.

No. 21.—Because they are generally obtained from the Presidencies, and the value is then somewhat enhanced.

No. 22.—The people are generally fond of gold for the purposes of trading and circulation.

No. 23.—Yes, they would like a Gold Currency.

No. 24.—Gold coins of these values would not find more favor in the eyes of *merchants* than notes of like value, but would be valued for hoarding.

Nos. 25 and 26.—Unable to offer an opinion.

No. 27.—They would prefer a currency of all three—gold, silver, and paper.

No. 28.—Bar gold does not circulate in this neighbourhood.

No. 29.—Native gold mohurs are not used here as means of currency.

No. 30.—Madras mohur and Surat mohur.

No. 31.—They do not pass for their intrinsic value.

No. 32.—They do bear an artificial value according to their respective denominations.

Information afforded by the Dewan of the Travancore State.

No. 1.—Government currency notes are readily received and paid away by the Natives at their full value in private transactions where these transactions are at the chief towns, such as Trevandrum, Quilon, Alleppy. But in the *country*, if the notes are received, a small discount is made.

No. 2.—The reason for the depreciation alluded to above is, that the person who cashes the note may have to take it or send it to a town where it may be cashed. This trouble and risk must be paid for. The rate at which notes are discounted is not uniform. It varies with the urgency of the demand for cash and also upon the amount of the note. If the amount is large, the discount is larger than for a smaller amount.

No. 3.—The dewan's treasury at Trevandrum always cashes notes. It also gives notes in exchange for specie whenever it has notes to spare. This is true also to a great extent as to the sirkar's treasury at Alleppy. But it is not always that the sirkar has notes to give. When notes fail, we apply to the resident's treasury at Trevandrum, whence we generally get them. The tehsildars in the interior have orders to cash notes for specie as far as it may be convenient to them to do. But much business is not done. The system of paper money is not yet well known in the country, and parties in monetary transactions are often very sceptical as to the genuineness of currency notes, as they have little or no means of verification, they being, in the great majority of cases, ignorant of the English language, and the mere inspection of the figure given in the vernacular indicating the value of the note being but a very imperfect test.

No. 4.—The facilities are not quite sufficient. If the resident's treasury at Trevandrum could always issue notes as they may be required, it would be an advantage.

No. 5.—The present arrangement of circles does not interfere much with the circulation of notes in Travancore internally; but if a currency note is made legal tender and convertible in *all* the Presidencies of India, it will greatly facilitate the transmission of money from these States to distant parts of India, and *vice versâ*.

No. 6.—Of course, the larger the number of places whence notes are issued and where they are cashed, the more the notes will circulate. The establishment of offices of sub-issue where the notes can be cashed is limited only by the expense which they would involve, as also by the trouble of maintaining in each such office the requisite reserve in cash.

No. 7.—One universal note for all India, convertible *by right* at as many treasuries as conveniently possible, and convertible *at the option* of the officers in charge of the remaining treasuries, would be the best, as it is the nearest approach to an actual metallic currency without its disadvantages. Such a note would, for instance, greatly facilitate the transmission of money from and to Travancore, to and from Calcutta, Bombay, &c., with which Travancore carries on trade.

No. 8.—A note of the value of 5 rupees would do good to a certain extent, and would do no harm. It would not circulate much at the same place, except at large towns. But it would be very useful to the poor in making small remittances to merchants, friends, relatives, &c., as their transactions are generally small.

No. 9.—A 5-rupee note would certainly have a larger currency than a 10-rupee note. In *number* 5-rupee notes would probably have the largest circulation.

No. 10.—To some extent. But the extent would be greater if the post office were a safer medium than it is at present supposed to be.

No. 11.—Of course, not in all cases. It is only where there is difficulty in cashing a note.

No. 12.—No.

No. 13.—Hoondees are considered inferior to notes in point of credit, but superior in point of safety in transmission, because a hoondee cannot be so easily cashed by a thief as a note. The balance of advantages is different in different cases according to the circumstances, and according to the temperament of the party wishing to remit. There is hardly a decided preference one way or the other.

Nos. 14, 15 and 16.—These questions apply peculiarly to the residency treasury.

No. 17.—The gold mohur is seldom seen.

No. 18.—The St. George sovereign is worth Rs. 10-6 to Rs. 10-8. The English Victoria sovereign, Rs. 10-2 to Rs. 10-4.

No. 19.—The Australian sovereign bears about the same value as the last named, but is some times at par, Rs. 10.

No. 20.—Yes.

No. 21.—The demand is more easily supplied in the Presidency towns.

No. 22.—The people would prefer gold for hoarding if not much alloyed, for the following reasons,—1*st*, compactness; 2*nd*, convertibility under all contingencies; 3*rd*, subserviency to making ornaments. The people would prefer gold for circulation only if the coin bears a fixed value in silver.

No. 23.—Yes, under the condition last mentioned.

No. 24.—In many cases. Where a remittance through the post is intended, of course notes would be preferred. In all other cases, gold coins would be preferred.

No. 25.—A Gold Currency would rather diminish the Paper Currency.

No. 26.—Slightly.

No. 27.—Silver, gold, and paper, all simultaneously circulating, would be considered the best, provided gold coins bear a fixed ratio of value to silver ones.

No. 28.—No, not to any extent except for purposes of ornament. In this case the purity is laboriously ascertained by the use of touch needles.

Nos. 29 and 30.—Some gold coins are in circulation, chiefly those termed Chana Casi (Venetian coins), and the English sovereign and the Australian sovereign.

Nos. 31 and 32.—The value fluctuates according to the state of supply and demand.

From the Deputy Collector in charge of the Treasury, Trichinopoly,—dated the 14th March 1866.

I beg to acknowledge the receipt of your Circular of the 10th ultimo, and to submit my answers to the queries therein contained.

No. 1.—Government currency notes are not *readily* received and paid away by people at their full value in private transactions.

No. 2.—The only reason for this state of affairs is, that these notes cannot be cashed in *all* the Government treasuries, and the mass of the people in consequence have not confidence in their being as good a circulating medium as silver. The average rate at which they are discounted is 12 annas per cent.

No. 3.—The Accountant General has issued several instructions in the matter of the circulation of notes, which have so perplexed the treasury officers in the Mofussil that they afford little or no facilities for their exchange. I know from personal experience that it is a most difficult thing to obtain notes for silver and coin for notes from many, if not all, of the Mofussil treasuries. It is, however, to be observed that notes are received as a legal tender in payment of dues to the Government.

No. 4.—I must, therefore, answer the first part of this question in the negative, and would suggest that all treasury officers should be allowed to issue and receive currency notes of any Government, provided the value of the notes received does not exceed that of those issued, if the state of the treasury does not admit of any remittance of coin from it.

Nos. 5 and 6.—The present arrangement of circles has created, in the minds of the majority of the people, a great distrust in the convertibility of the currency notes into coin, and has not promoted their reception and circulation. Generally, the object of this arrangement is unknown to them, and the moment they see that a paper for which they paid silver in one treasury does not fetch the same amount in its neighbourhood, they imagine that there is something wrong about it, and abstain from using it the next time. I would, therefore, do away with the system of a separate note for each circle.

No. 7.—I would certainly prefer the plan of having one universal note for all India, to be convertible always and in all cases at the Presidency towns and at all the head quarters of the existing circles, and equally convertible in all other treasuries, subject to the proviso mentioned in my 4th reply. This would undoubtedly remove all prejudice against Paper Currency, which is now entertained by the people, and infuse confidence in their minds that paper is as good a medium as silver. It is needless to add that they would like the notes under such circumstances, and even prefer them to coin as commanding greater facility in retention and circulation. The only objection which is often raised to such a measure is, that if all rich men should form a foul conspiracy to shake confidence in Government (Financial Department), and tender, all on a sudden, a large number of notes and demand money for them, the Government treasury would be embarrassed. I think that such a combination is not impossible, but would happen very rarely. Its object can then be very easily defeated, for we have now great facilities to draw money from the nearest treasuries, if there be a deficit in our reserve. Our telegraphs and railways will come to our aid, and before all these notes are entered in our registers as usual for payment, the deficit would be made up from the nearest treasuries. It is clear that, by the very nature of the institution of Paper Currency, it is placed in a situation in which it may not be possible to avoid the temporary failure in the regularity of its cash payments. This accident of a failure is one of very rare occurrence, and against which there can be no security which can be complete. On the whole, I do not think that such a contingency would ever occur. I am, therefore, with almost every Native whom I consulted, for one universal note for all India, or at least for each Presidency.

No. 8.—I would propose a note of 5 rupees, on the ground that its circulation would add greatly to the convenience of the general public. It would also realize the wishes of the advocates of Paper Currency, *viz.*, substitution of paper to some extent for silver, in the daily transactions of the public.

No. 9.—I would say, yes. The smaller the value of a note, the larger would be its circulation. The experience of the past year amply proves this assertion. The following statement shows the notes in active circulation in the Trichinopoly circle, from which it will be seen that notes of smaller value find a greater currency than those of the larger denomination :—

Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
1,435	1,138	818	763	161	79

No. 10.—Notes are often used by Native shroffs and bankers for the purpose of remittance, but I do not think to any great extent. As they are payable to the bearer, their loss is generally a dead loss to the remitters. From fear of losing the notes, they often avoid using them for this purpose, to the disappointment of the postal establishment.

No. 11.—I cannot say that Native merchants *invariably* exact discount for cashing notes, but they in a majority of cases do so, particularly in places where notes cannot be cashed at a Government treasury.

No. 12.—I do not think that merchants buy up the notes at a discount to send them to the treasuries where they could cash them at par, as I fancy it would not be worth their while to do so.

No. 13.—When hoondees are not easily procurable notes are preferred; but hoondees are generally used, as they are not payable to "bearer," and their loss does not affect the money remitted thereby.

No. 14.—Trichinopoly is connected with Tanjore by rail. Within four hours I could get money from the treasury at the latter place. When the Erode extension of the Great Southern India Railway is completed, I could apply, if necessary, to the Salem, Coimbatore, even Bangalore, Calicut, and Madras treasuries for reinforcing the reserve. I would, of courset ask the nearest treasury to remit money to me, if I be permitted to do so by the Accountan, General.

Nos. 15 and 16.—No indent for currency notes was ever made from this treasury.

No. 17.—Government gold mohurs sell in the bazar at the rate of 15 to 15½ rupees each.

No. 18.—And the English sovereign from Rs. 10 to Rs. 10-6.

No. 19.—The Australian sovereign from Rs. 10 to Rs. 10-4.

Nos. 20 and 21.—These coins do bear a higher value in the Mofussil than in the Presidency towns, as they are scarcely to be found in the former.

No. 22.—People in general are fond of gold, both for hoarding and circulation, as this metal is more portable and possesses intrinsic value.

Nos. 23 and 24.—Undoubtedly, the Natives like a Gold Currency, and would prefer gold coins of 15, 10, and 5 rupees, and even coins of smaller value, for reasons mentioned in the reply to query 22.

Nos. 25 and 26.—I would answer these questions in the affirmative.

No. 27.—I have consulted with several merchants of the place, and they are of opinion that, in addition to what at present exists (silver and paper), a Gold Currency is necessary.

No. 28.—Bar gold does not much circulate in the neighbourhood of this district. When it is purchased, its purity is ensured by cutting it into pieces and testing them by the touch-stone.

No. 29.—Native gold mohurs are very scarcely used by Natives as a means of currency.

No. 30.—Gold mohurs which are seen in this part of India are,—1, English gold mohur; 2, Shanar cash; 3, Puchee cash.

Nos. 31 and 32.—They pass for their intrinsic value, but do not bear any artificial one according to the respective denominations, or the Mints in which they were coined.

From the Extra Assistant Commissioner in charge of the Umballa Treasury,—dated the 27th February 1866.

With reference to your Circular dated the 16th instant, I have the honor to answer your queries regarding the working of the Act No. XIX of 1861, "to provide for a Government Paper Currency."

No. 1.—Government currency notes are readily received and paid away by the Native community at their full value for money due. Money-exchangers, however, always make a charge on cashing notes when money is not due. The rural population do not as yet receive or pay away currency notes.

No. 2.—Money or currency notes are not exchanged in any part of India at par, when there are no private monetary transactions betwixt the parties. In fact, in England, a small deduction is made on the exchange of gold for silver in some parts of the country. The average rate of discount is from 1 to 2 annas per note of 10 rupees value.

No. 3.—Currency notes are given on demand at all Government treasuries in exchange for silver when there are any in the treasury. However, of late, the Accountant General, Punjab, declines to furnish currency notes of a higher value than 100 rupees, as the merchants forward notes of 500 and 1,000 rupees value to a very large extent to be cashed at the currency office, Calcutta. Currency notes are only furnished by the Accountant to treasury officers when he has funds in the Lahore Treasury to pay for them into the currency office, and when a guard is available, as notes or half-notes are never sent by post. Silver is given for notes in conformity with existing rules, *viz.*, for the convenience of travellers and private parties, on small sums at the discretion of treasury officers, as per Accountant General Punjab's Circular, No. 145, dated 27th July 1864.

No. 4.—The facilities afforded by officers in charge of Government treasuries for the exchange of silver for notes are ample, but the facilities for the exchange of notes for silver are not so; but nothing can be done to increase them as long as currency notes can be cashed in Calcutta at par.

No. 5.—The circles are well arranged, and I would retain the existing arrangement of the circles, making the treasuries of Peshawur, Mooltan, Delhi, Umballa, Jullundur, and Rawul Pindee offices of sub-issue and payment. I would not have the notes payable at par in Calcutta; in fact, I consider that the notes should be local to the province of the empire in which they are issued. The drain on the currency office at Calcutta has been so extensive that some arrangement must be made to stop it, or otherwise the Paper Currency will be, to a great extent, a failure; in fact, on this account, for months past, no currency notes of a higher value than 100 rupees have been issued, and now the Natives send notes of this and even lower denominations to be cashed at Calcutta.

No. 6.—See answer No. 5.

No. 7.—I would not have one note for all India, as this plan would tend to complicate the Government accounts. Large cash balances would have to be kept to meet the demand, and the expense of forwarding treasure from one part of India to another would be so large that such a scheme must, in consequence, fail. I am of opinion that, for a few years, it would be better to make the circles of issue local to the province of the empire. However, Commissioners of Currency should receive authority to cash notes of other circles at the exchange of the day, as determined by the Accountants of Government.

Nos. 8 and 9.—I would not propose to issue a note of 5 rupees value, as these notes would not have a large currency. Natives would rather not take them, as it is as expensive to recover the money on account of a half currency note lost valued at 5 rupees as it would be to recover the value of a half note of 10 rupees in value, or of one of 1,000 rupees. The merchants state they do not wish to have such a note.

No. 10.—Currency notes are much used for purposes of remittance on account of salt revenue to Shahpore, Hansie, and Hissar, and on other accounts to Lahore and Calcutta.

Nos. 11 and 12.—See answers 1 and 2. Notes are by bankers taken at par, when there is an extensive demand for them, for making remittances, otherwise discount is taken on cashing notes when there are no monetary transactions betwixt the parties.

No. 13.—Hoondees in some cases and notes in others. Both have their advantages, *viz.*, in case of a hoondee lost, the money can be recovered, and in case of a note lost, it cannot be recovered; the note, however, is less expensive for the remitter of money to send in many cases.

No. 14.—The Accountant General, Punjab, furnishes treasury officers with funds on demand, and he receives estimates of the probable demand and expenditure from each treasury monthly. As explained in answer No. 3, the demand for cash in exchange for notes cannot possibly be so great as to drain the treasury, as treasury officers only cash notes under the existing rules.

Nos. 15 and 16.—Treasuries have been unable to meet the public demand for notes in many instances. See answer 3 for the cause.

No. 17.—There are no Government gold mohurs in the bazars.

No. 18.—Rs. 10-4 is the average value of the English sovereign.

No. 19.—The Australian sovereign average value is Rs. 10-4.

No. 20.—They are of higher value in the Punjab than in the Presidency towns.

No. 21.—One cause why gold coins are of greater value in the Punjab than in the Presidency towns is that gold is not found in India to a large extent; therefore it is cheaper at the Presidency towns on the sea board than in the interior of the country.

No. 22.—People are fond of gold coins and bar gold for the purpose of hoarding and circulation.

No. 23.—Natives would like a Gold Currency if gold is declared a legal tender.

No. 24.—All men look forward to the hope of having a decimal coinage, *i. e.*, the sovereign, rupee, a 10-anna coin, and a *tukka* equal in value to 2 pice; therefore a 15 rupees gold mohur would not likely find favor. Gold and currency notes are used for different purposes, and the circulation of one will not interfere with that of the other; therefore gold coins will not likely find more favor with Natives than notes of equal value.

No. 25.—Gold, as a standard coin and legal tender, would help the Paper Currency, as it will help the trade of the country. The Silver Currency is not equal to the requirements of the country, and the demand for silver is yearly increasing; therefore a Gold Currency will ere long be a necessity. Furthermore, India has no right to drain off the silver required by the rest of the world, when her demand for coinage may be met, as in England, by making gold a legal tender.

No. 26.—If made a legal tender.

No. 27.—Silver, gold, and paper.

No. 28.—Gold bars, equal to 136 tolahs, circulate to a large extent. The bars are marked by some Mints with numbers 100, 90, 80; for the 100 the merchants give 16 rupees per tolah; for the 90, Rs. 15-14; and for the 80, only Rs. 15-12. They do not test the gold

No. 29.—Not much used as a means of currency.

No. 30.—There are three kinds of gold mohurs in circulation in this district, *viz.*, Jeypore, old; Jeypore, new; and Puttiala.

No. 31.—Not for their intrinsic value, but as coin of known value.

No. 32.—The value is in conformity with the coin made in certain States, which is regulated by the intrinsic value of the gold used by the State in the making of such coin. The values of each of the mohurs mentioned in answer 30 are given, *viz.*, Jeypore, old, Rs. 16; Jeypore, new, Rs. 15-12; Puttiala, Rs. 15-4.

From the Deputy Commissioner, Umballa,—dated the 4th March 1866.

With reference to your Circular dated the 16th February 1866, I have the honor, after consulting the principal shroffs and traders of the neighbourhood, to reply as follows.

No. 1.—Currency notes are readily received and paid at the sudder station, *i. e.*, Umballa city and cantonments, and at the town of Jagadhree, in transactions between shroffs and shroffs; but their use has not yet much extended to the other towns and villages of the district. When received from other parties, the shroffs invariably demand discount, which varies considerably.

No. 2.—The depreciation is owing to the difficulty of converting them into cash, the notes not being cashed at the Umballa Treasury. The discount is ordinarily 1 to 2 annas on a 10-rupee note, and about 15 annas on a 100-rupee note.

No. 3.—No facilities at all for the exchange of currency notes for silver, except in the exceptional case of *bonâ fide* European travellers, and very indifferent for the exchange of silver for notes.

No. 4.—They are certainly most insufficient.

No. 5.—I would retain the general distribution of circles with modifications.

No. 6.—I would not increase the number of circles, but retaining the present number, establish offices of sub-issue at the chief local treasuries within each circle, where the note should be converted on demand, as at the head office. This would at once give confidence and immensely promote the circulation. For the Punjab, offices of sub-issue at Delhi, Umballa, and Mooltan would probably be sufficient. The notes should be local to the circle only, and not convertible at Calcutta. It is ordinarily most convenient to Government to procure cash by supply bills on Calcutta, for which the State pays a premium; but the present power of cashing Lahore currency notes in Calcutta has led to the stoppage of issue of notes above 100 rupees, and has unsettled the circulation and the minds of the shroffs. If, therefore, it has really been necessary, *which I doubt*, to stop the notes and to discourage their circulation, owing to their convertibility in Calcutta, it would be far better to make them convertible *in their own circle only*, and to give authority to all officers in charge of treasuries of issue and sub-issue to grant bills of exchange at par on Calcutta, in exchange for silver and notes, under monthly orders from the Accountant General. This would enable the Accountant General to regulate the drain on Calcutta; but as I have observed before, I am exceedingly doubtful if any real evil would have resulted by leaving things as they were. Silver is carried up constantly and in large quantities from the North-Western Provinces to Lahore, entailing heavy guards and expense in carriage, and it is presumed that the Lahore notes cashed in Calcutta would not be re-issued there, but returned to Lahore or destroyed.

No. 7.—I do not consider an universal note for all India yet practicable. It has been already shown that the run on the Calcutta treasury has caused a stoppage in the issue and circulation of notes in the Punjab. How much more inconvenient would a run of the same kind be on the Lahore treasury? At the same time I consider that a right of cashing the note of any circle in another circle, even at a discount of 1 per cent., would give *great confidence* and be an immense convenience. I would allow all notes to be convertible for cash, but the notes of the circle only at par, and the notes of the other circles at a fixed discount.

No. 8.—I would not propose a note of 5 rupees.

No. 9.—I do not think so; the persons who do use, and will generally use notes, are the merchants and traders of the country, whose transactions with each other are in far larger amounts than 5 rupees. The immense mass of the population are illiterate, and it will take long before they can even distinguish a note of one value from another, and they will neither use nor require notes of this kind.

No. 10.—Yes, they are.

No. 11.—Yes.

No. 12—No; so far as I can learn they certainly do not. They buy at a discount and use them at par as hoondees, or, in transactions among their own class, in payment for goods, &c.

No. 13.—They certainly do. They are cheaper than hoondees, and secrecy is better ensured.

No. 14.—The grand trunk road passes through the station; the railway from Delhi to Lahore will be open in about 3½ years. The Accountant General at Lahore would be applied to by telegraph; he would probably order a remittance by telegraph from Delhi, from whence a remittance of silver could arrive in four days by present means.

No. 15.—Constantly, and to an extent tending to interfere with the circulation and confidence of the people in the note system.

No. 16.—For reasons not entered into by the issue department.

No. 17.—The Government gold mohur generally sells for 15 rupees, but it is not common in this neighbourhood.

No. 18.—Rs. 10-2 is the average value of British sovereigns at the present time. They are selling in the town of Khurrur, where I am encamped, for Rs. 10-5, and for some time lately have fetched Rs. 10-4 generally in the district; but this is above the usual average.

No. 19.—The Australian sovereign fetches 6 pie to 9 pie more than the English one.

No. 20.—They certainly do, as they are less easily procurable.

No. 21.—Many merchants in this part of the country send to Calcutta and purchase sovereigns in the bazar, then they are brought up to Umballa at their risk and expense to sell at a profit.

No. 22.—The people certainly like gold both for hoarding and circulation. Sovereigns, especially the Australian ones, are extensively used in necklaces for men, particularly by sepoys and police.

No. 23.—There is but one opinion on this subject. A Gold Currency receivable at the Government treasury would be much liked and appreciated.

No. 24.—The sovereign, British and Australian, is well known throughout the district as the dark *ath-masha* and red *ath-masha* respectively, and would decidedly find more favor with the masses than notes of like value. A half-sovereign would probably become equally popular. I doubt the necessity of a 15-rupee gold coin. Gold coin would be eagerly received by Native troops in portion of their pay. It will take years before the Native troops and uneducated masses will take notes with the same favor.

No. 25.—I do not think a Gold Currency would, in the least, impede the establishment of a Paper Currency. I doubt whether traders would keep a reserve, and can hardly pass an opinion on the latter portion of this question.

No. 26.—Yes, it certainly would; an equal amount of money in gold could be received under charge of three policemen in the anna-a-mile Government van in twelve hours from Delhi, or eighteen hours from Lahore, as would take five or six days to bring up in silver.

No. 27.—They have no objection to any currency, whether gold, silver or notes, that is receivable and easily convertible at the Government treasuries. They would prefer silver, gold, and paper to the silver and notes, as it at present exists.

No. 28.—Yes, the purity is known by its making gold bars of 136 tolahs circulate to a large extent, Nos. 100, 90, 80—for the 100 they give Rs. 16 per tolah; 90, Rs. 15-14; 80, Rs 15-12.

No. 29.—They are to a certain extent.

No. 30.—1, Jeypore, old; 2, Jeypore, new; 3, Puttiala.

No. 31.—No.

No 32.—Artificial value, according to denomination, as follows :—

		Rs.	A.	P.
1.	Jeypore, old	16	0	0
2.	Jeypore, new	15	12	0
3.	Puttiala	15	4	0

These rates vary occasionally, but there is a bazar *nerrick* for the particular coin. With reference to the three last answers, I would refer to a previous report of mine, printed in part in Sir Charles Trevelyan's memorandum on Gold Currency in the *Government Gazette.*

From the Collector and Deputy Commissioner, Paper Currency, Vizagapatam,—dated the 21st March 1866.

No. 1.—No, except by the higher mercantile classes at Vizagapatam, where there is an office of issue, and at Bimlipatam, where there is a branch of the Madras bank.

No. 2.—Gross ignorance. At a large market, 50 miles from Vizagapatam, the discount is 1 per cent. for notes not exceeding Rs. 500 in value; ½ per cent for notes from Rs. 500 to Rs. 1,000 in value; ¼ per cent. for notes from 1,000 rupees and above. This refers to sowcars: the ryots will hardly look at a note.

No. 3.—No difficulty in getting notes for silver. There are nineteen talook treasuries subordinate to Vizagapatam. When the Vizagapatam office of issue was formed, I sent out one lakh of rupees worth of notes in sums from 20,000 to 1,000 rupees to these treasuries. The balance on hand at the end of February last was Rs. 67,020. A sum of Rs. 4,270 had been received in notes from the public on account of public dues, and notes to the value of Rs. 37,250 had been issued for silver. As regards silver for notes, there is the Accountant General's Order, No. 4436, of 21st February 1865, instructing treasuries to cash notes "to a limited extent only, and as an accommodation for travellers."

No. 4.—I think they are. A bank of England note is cashable, as of right, at the counter in Threadneedle Street only. Some people propose to give silver for notes at all treasuries up to a certain sum each month. I can conceive nothing more likely to lead to endless confusion and panic. It is far better to have one fixed central place, where silver may be obtained any day and all day for every note of the circle, if required, than some times to cash a note and at other times to refuse it. The Natives would never understand this; whereas, by the present system, there is room to hope that the true state of the case will, before long, dawn up their minds, *viz.*, that the note is a legal tender, and that Government are engaged to give cash for it at the place and office where it was issued. The British Government, the people know, will not be swept away in a week, and a week would bring the holder of a note from any point in the circle to Vizagapatam.

No. 5.—Yes.

Nos. 6 and 7.—No, instant convertibility at certain central places is the life and soul of the system; and I do not see how you could guarantee this by any other scheme than the present one.

No. 8.—Yes.

No. 10.—Largely to the Presidency, where they are convertible at the treasury; but not largely within the circle.

No. 11.—Yes, according to the distance from Vizagapatam and Bimlipatam. *Vide* No. 1.

No. 12.—Yes.

No. 13.—No, hoondees must command cash, and if lost in transit, they can be easily renewed.

No. 14.—If the silver reserve of the issue department ran very low, I would telegraph to the Accountant General for leave to replenish it from the Collector's treasury, which is under the same roof.

No. 15.—No.

No. 16.—See 15.

No. 17.—Rs. 15-8.

No. 18.—Rs. 10-6.

No. 19.—Rs. 10-4.

No. 20.—Yes, sovereigns are about ¼ rupee higher than in the Presidency towns.

No. 21.—Less circulation; the difference will disappear with increased circulation.

No. 22.—Certainly. The monthly import at Bimlipatam, the most thriving port of this district, averages one lakh of Rupees worth.

No. 23.—Yes.

No. 24.—I think so.

Nos. 25 and 26.—I do not see that it would.

No. 27.—Silver, gold, and paper.

No. 28.—Yes, its purity and value are tested in a moment by the money-dealers.

No. 29.—Scarcely at all.

Nos. 30, 31 and 32.—See 29.

From the Deputy Commissioner of Woon District,—dated the 15th March 1866.

In reply to your Circular regarding the working of the Paper Currency Act, I have the honor to inform you that it is not in force in Berar, and therefore currency notes are never seen in this district where there is no treasury.

The extensive cotton dealings between Berar and Bombay would render the extension of the Act to this province the greatest boon to the people who now have to transport large sums in specie at great cost and some risk.

With reference to your 13th query, I may mention that during the monetary crisis last year, Bank of Bombay notes and bills were the only paper received at Oomradhee—hoondees upon Native bankers being for the time almost unnegociable.

No 14.—The rail, direct between these districts and Bombay, which will shortly be continued to Nagpore, would afford every facility for reinforcing the reserves.

Nos. 16, 17, 18, 19, and 20.—None of these gold coins are used by the people.

No. 22.—The way the people hoard is by turning all their savings into gold and silver ornaments. I am not aware that gold is hoarded in the form of leaf or bar gold, though both find a ready sale.

No. 23.—From what I can learn from the Natives, they would appreciate a Gold Currency.

There are no large shroffs or Native bankers in this district; and as the Paper Currency has not yet had a trial, I am unable to answer the other queries.

ANSWERS FROM COMMISSIONERS

From the Commissioner of the Allahabad Division,—dated the 17th March 1866.

I have the honor to submit replies to questions communicated in your Circular dated February 16th.

No. 1.—Currency notes are not received and paid away at full value by the Native community, excepting at head quarter stations of issue, and then exceptionally only.

No. 2.—The reasons for depreciation are many,—*first*, all English Banking Companies, and the Bank of Bengal branches, who are now in many stations Government treasurers, refuse transactions in currency notes at par value, and receive them at heavier discounts than on good bills of exchange. These banks are interested in checking the use of notes for remittance, as their business and profits in internal exchange would be affected thereby. These banks, and more especially the Bank of Bengal, have a very material influence amongst Native shroffs; and currency paper is not likely to be received at anything like full value so long as the banks refuse to receive notes, except at a heavy discount. If I lodge Rs. 1,000 in currency notes at a bank, I get credit for 980 or 990 rupees only according to the rate of discount. Notes are not every where convertible into cash at all, and when convertible, they represent an uncertain value. The rates at which they are discounted vary according to the part of the country, *i. e.*, the distance from the head quarter stations of issue. At Cawnpore, one per cent. will prevail; in Rohilcund, two and a half; at Nynee Tal, three per cent.

No. 3.—Notes are received in payment of Government claims only. They are converted into cash for travellers only on demand, and at the discretion of the treasury officer may be exchanged at any time. European gentlemen, who can make applications to officers in charge of treasuries, are generally given change; but if application is made to a treasurer, or a bank agent as treasurer, notes can only be converted at discount. Notes are at all times readily obtained for silver, and obtainable not only from all Government treasuries, but in some districts currency notes are lodged in tehseel treasuries. I have seen this during circuit duty, and it is very probable that the practice is confined to tehseelces in the grand trunk or imperial roads, where it is intended to provide notes for the convenience of travellers. But the result is, I consider, bad. Travellers may require silver for notes. They rarely require notes for silver. The notes then remain in the hands of tehseeldars, who will endeavour to pass them at full value to Natives. The Native sees that notes are not only obtainable with facility, but he is urged to take them; and on the other hand, he cannot obtain silver for notes, and draws his own conclusions, which are anything but favorable to free circulation. There are, in short, no facilities (to the Native) for converting notes into silver, great facilities for converting silver into notes.

No. 4.—The first part of the question is answered in the above. Suggestions for regulating facility of exchange will be more appropriate in replying to future questions.

Nos. 5, 6, and 7.—I am of decided opinion that the present arrangement of circles is not calculated to promote the reception of a Paper Currency, and I would not retain it. I think it would be worse policy to increase the number of circles. I am decidedly of opinion that one universal note for all India will materially assist the reception of a Paper Currency. By the system of circles, currency notes, at the same place, have a widely different value. At Allahabad, for instance, a note of the Bengal circle does not represent full value, which a note of the Allahabad circle does. A Bombay note is of considerably less value than a Calcutta note; and amongst the Native community especially, there is much consequent confusion, whilst for purposes of remittance, the system of circles is a positive check By having one

universal note for all India, this hindrance will be abolished, and I would, therefore, recommend its adoption. The universal note should be convertible at all treasuries from which notes are issued. There may be selected treasuries, or they may be all sudder treasuries; but I think it very important that there should be the same facilities or difficulties in obtaining silver for notes as for obtaining notes for silver, in order that the Natives may see and be satisfied that the reception of a Paper Currency is perfectly free, and the note as freely received by the Government treasury officer as it is freely issued. It may be advisable to select the treasuries of *exchange*. In other words, though at all treasuries, currency notes should be accepted in payment of revenue or Government demands, and obtainable on demand in payment of claims upon the treasury, I would confine the issue of notes in exchange for silver, or for silver in exchange for notes, to particular treasuries, which should, however, be at principal stations of trade or thoroughfare, and within reasonable distances. In the North-Western Provinces, for instance, I would suggest Meerut, Mussoorie or Dehra, Allyghur, Kumaon, Bareilly, Agra, Futtehgur, Cawnpore, Allahabad, Benares, Mirzapore, Ghazeepore, Jhansie, Ajmere. I consider it positively and primarily necessary, that to establish a Paper Currency in the confidence and liking of the Natives, the notes should have an equal value throughout India, and be readily convertible into the metal they represent. I think these objects will be most completely obtained in the method proposed.

Nos. 8 and 9.—I would not (for the present at all events) issue notes of lower value than 10 rupees. In the Presidency towns, such notes might possibly be freely taken, but I doubt whether they would be more readily received elsewhere. One of the objections raised by Natives is, that by receiving notes for purposes of trade, they are obliged to keep a register of numbers and dates of every note received or given away in case of loss by accident or otherwise, and further that they have to be carefully vigilant against fraudulent notes. That they are more liable to loss, by having funds in notes, than in cash. These objections may be refuted or no; but whilst they are felt, I do not think there will be advantage in issuing notes of very small amounts.

No. 10.—They are not.

No. 11.—Discount is exacted invariably for *cashing* notes, even at head quarter stations of issue. Exchange discount is, however, exacted in exchanging coin.

No. 12.—Possibly they do, but I have not sufficient information. Whether for remittance, for purposes of trade, or for encashment at head quarters of circles, transactions are rare, and made only for acquisition of profit.

No. 13.—Certainly not; hondees are much preferred, because more secure.

Nos. 14, 15, and 16.—These apply to treasury officers only.

No. 17.—At Allahabad and neighbourhood, Rs. 14-14.

No. 18.—At Allahabad, Rs. 10 to Rs. 10-0-6.

No. 19.—Equivalent to English sovereign, if anything, rather preferred, being made of purer metal.

Nos. 20 and 21.—They do, though the difference is trifling. Sovereigns—English and Australian—are readily procurable in Presidency towns. In Mofussil towns they are obtainable chiefly, if not solely, in payment of demands on Government treasuries, and they are much sought for. The Cawnpore branch of the Bank of Bengal readily obtain one to two pice premium on sovereigns.

No. 22.—They are fond of gold for hoarding more than for circulation. Sepoys or others making long journeys and having cash to carry to their houses use gold, as of less bulk and more easily concealed about the person.

No. 23.—I think they would, but they do not understand the full import of such questions.

No. 24.—Most certainly.

No. 25.—Not under the present system of circles; when currency notes are received with liking and confidence, and are true representatives of silver or gold, and *ubique* equivalent, a Gold Currency will help the establishment of a Paper Currency.

No. 26.—Same reply as to question 25.

No. 27.—The opinion of large shroffs is decidedly adverse to a Paper Currency, for the sole and simple reason that it will affect their business hoondeeanah profits, which are excessive, and whenever they hold in their hands the only means of remittance. As regards the further question, whether they would prefer a Silver Currency alone, or Silver and Gold Currency, I doubt whether they have much opinion beyond saying they would prefer a sovereign to 10 rupees. I find myself, moreover, in some difficulties. As I understand currency, it must be in one metal only—metals of inferior value being used only so far as the value of one current coin—that currency may be in silver, *or* in gold, but cannot be in both. If, for instance, A has to pay B 80 rupees, B may wish for gold; but A can liquidate the debt in silver only if currency as well. Moreover, if silver rupees and gold sovereigns are both *currency*, will currency paper notes be promissory to pay in silver different from those of same gross value, but promissory to pay in gold? Numberless other questions might arise. I think a Gold Currency will prove of very great benefit hereafter, but not at present. There is not gold enough in the country; there is too much silver, and in consequence of this, gold has more than Mint value. It will, therefore, readily pass as a circulating medium, and in a few years take the place of silver in monetary transactions, and it will then be highly desirable to make the sovereign the legal tender.

No. 28.—Brick and bar gold do not circulate as currency. They are rather articles of trade to goldsmiths, and used as a means of remittance. Gold bars impressed with the Government stamps, when proved genuine, are taken as pure; others are tested by fire and other processes.

No. 29.—To a very limited degree.

No. 30.—1, Kuldar Kohun (Moorshedabadee), value Rs. 19-8; 2, Jeypore, Rs. 15-12 to Rs. 16; 3, Mahomed Shahee, Rs. 15-12 to Rs. 16; 4, Shahjehanee, Rs. 16 to Rs. 16-4; 5, Akbaree, Rs. 17-8; 6, Lucknow Poothleedar, Rs. 14-12; 7, Lucknow Muchleedur, Rs. 14-11; 8, Lucknow Shumsher Shahee, Rs. 14-10; 9, Gwalior, Rs. 15; 10, Benares, Rs. 14-12 to Rs. 15; 11, Furruckabadee, Rs. 14-8 to Rs. 14-12; 12, Kota Boondee, Rs. 15; 13, Mula Shahee (Deccan), Rs. 14; 14, Gohur Shahee, Rs. 15-8; 15, Delhi, Rs, 15-12; 16, Arcottee, Rs. 14-12; 17, Government, Rs. 14-14.

Nos. 31 and 32.—In ordinary times they pass for intrinsic value; in extraordinary times of commotion they have been sold at much above value; in 1857 gold mohurs sold from 200 to 300 per cent. above their real value.

From the Commissioner of Arracan,—dated the 28th March 1866.

I have the honor to acknowledge the receipt of your Circular dated the 16th ultimo, calling for local information regarding the working of Act XIX of 1861, to provide for a Government Paper Currency, and forwarding a number of queries, to which you request replies may be submitted.

In reply, I beg to state that I can give you no information whatever in regard to the working of the Act. I have never even seen one of the notes, but Major Spilsbury, Deputy Commisioner of Akyab, has informed me that he, with the assistance of Mr. Brown, the Collector of Customs, Akyab, prepared and submitted replies to your queries on the 3rd instant, and as notes frequently pass through their hands, they are in a better position than I am to give satisfactory information regarding them. In reply to the questions 1, 2, 3, 4, 5, and 6, I can give no information. I do not think Arracan is included in any circle.

No. 7.—I am inclined to think universal notes for all India, convertible at certain treasuries, would be found acceptable, notes for small sums, say from Rs. 5 to Rs. 100, being convertible into silver at all treasuries.

Nos. 8 and 9.—I would propose there being notes for Rs. 5, 10, 50, 100, 1,000, and 10,000.

Nos. 10, 11, 12, and 13.—There are no shroffs or Native bankers in Arracan.

No. 14.—Application might be made for silver to Calcutta, Chittagong, or Rangoon, to be remitted by steamers, there being no other means of transport.

Nos. 15 and 16.—I have charge of no treasury.

No. 17.—From Rs. 17 to Rs. 18.

Nos. 18 and 19.—About Rs. 10.

Nos. 20 and 21.—At the Presidency towns, the exact value of gold is known; in the Mofussil, it is not; the consequence is that ignorant people some times pay more for it than its value.

No. 22.—The people purchase gold to make ornaments with.

No. 23.—Were gold current, the people might not dislike it.

No. 24.—I think amongst the Native inhabitants gold would be greatly preferred to paper.

No. 25.—I doubt paper notes passing freely in Arracan for a long time to come.

No. 26.—Possibly.

No. 27.—There are no shroffs or dealers in currency in Arracan.

No. 28.—There is no bar gold circulated.

Nos. 29, 30, 31, and 32.—Gold mohurs are not used as currency; they are purchased occasionally to make ornaments with.

From the Commissioner of Assam,—dated the 5th April 1866.

No. 1.—By those Natives who are immediately about Europeans, and in transactions between Natives and Europeans, currency notes for small amounts are readily received and paid away.

No. 2.—Because, with the present habits and wants of Native society, it is felt that they are neither so safe, nor, on the whole, so convenient as specie. The amount of discount levied is fluctuating: it is taken in the way of exchange, and follows the laws of exchange.

No. 3.—The treasury officers can answer this question more in detail than I can; but it seems to me that the facilities afforded go at least as far as they should do, unless treasuries are used as banks.

No. 4.—I think the present arrangement of circles, with a separate note for each circle, ill calculated to promote the reception of a Paper Currency by the Native population, and I would on no account retain it. I would have only one note, if not for all India, at least for each Presidency; and I would have the note convertible on demand at the chief local treasuries through a properly constituted banking agency. The absence of sufficient business at any local treasury to employ a bank agency, I should regard as *primâ facie* evidence that the district itself was not sufficiently advanced for the introduction of a Paper Currency. I view with jealousy the arrogation to Government of the functions of a bank. My reason for desiring only one circle and note is, that such an arrangement is more favorable for exchange and remittance.

No. 7.—Answered by No. 6.

No. 8.—I would not propose a note of the value of 5 rupees, and I do not think that such a note would enjoy any very considerable currency. The climate, the manners of the people, their habitations, their dress, their predilections, their monetary transactions are all unfavorable to the brisk, intimate, from hand to hand circulation of a paper money of a small denomination; were it not for the absence of a gold coinage, even the 10-rupee notes would, I think, have little circulation.

No. 9.—No.

No. 10.—No, not much used; the want of confidence in the post office prevents their use; even Europeans are chary of remitting by Paper Currency to Europeans, and prefer paying a moderate premium for bills.

No. 11.—The usual course of the shroffs and Native bankers is to charge discount for cashing notes, the balance of exchange in this province being usually against Calcutta.

No. 12.—No, not generally in Assam.

No. 13.—Requires no answer, with reference to the answer given to question 10.

Nos. 14, 15, and 16.—I leave these three questions to be answered by treasury officers.

No. 17.—The Government gold mohur is not met with in this neighbourhood.

Nos. 18 and 19.—Neither English nor Australian sovereigns have yet found their way into the Assam bazars.

No. 20.—I have no means of judging so far as Assam is concerned.

No. 21.—Answered by No. 20.

No. 22.—Yes; but with the people of Assam, the golden age has not yet set in; there are indications of its rapid approach, but we are still in the silver age.

No. 23.—I have no doubt that the Natives would like a Gold Currency, and that, in the present stage of their progress, it would be a most splendid stimulus to their industry, ambition, prudence, and foresight.

No. 24.—Yes; I believe that such coins would find far more favor in the eyes of Natives than notes of like value, but I think that no gold coin should be for a greater value than 10 rupees. The French gold coinage would be the best for India,—the full, half, and quarter Napoleon exactly representing 8, 4, and 2 rupees. I would certainly coin as low as 2-rupee gold coins; but to ensure a popular gold coin, the prejudices of the Natives must be consulted as regards the color and alloy. I do not think that they will be readily reconciled to the Australian sovereign.

No. 25.—I think not, at least, in the way supposed by the question. I cannot fancy notes actively passing from hand to hand among the Natives of this part of the world for a long while to come. It is not merely the moral difficulties that are in the way, but it appears to me that the physical obstacles are by no means inconsiderable. I should say that no note paper that has yet been manufactured would stand the wear and tear of being used as a circulating medium in petty every-day domestic transactions. In such a climate as this, the wet and damp, the perspiration even of the holders, would quickly destroy it. An Englishman does not easily habituate himself to the filthy and dilapidated pieces of paper, which it is said that Scotchmen used formerly to prefer to gold; but if the condition of the Scotch one-pound note is often so bad, what would be the state of any paper enjoying equal circulation, where the air was at a mean temperature of 84°, and saturated with moisture, and with a people who wear no pockets, and carry their notes in a thin bit of muslin next their skins.

No. 26.—A Gold Currency would assist the outlying treasuries in ensuring the convertibility of the note, in so far as it would be much easier, with respect to transport, to supply them with gold than with silver.

No. 27.—Large shroffs and dealers in this part of the world are well content to leave the currency as it is. The more inconvenient the currency, the better, probably, it would seem to them, in the idea that the public would have more need of their assistance, and be willing to pay more for it, and thus the introduction of a gold coinage would cut them out of commission and profit in buying and selling gold.

No. 28.—My information is defective on this point. China gold leaf, I know, finds its way into the market, and a little Native gold is also sold. The Assamese do not seem to resort to any other means of testing gold than that of passing it through the fire; and if the alloy be in excess enough to blacken the melted metal, it is rejected. The touch-stone so common in Burmah does not appear to be used in our bazars.

No. 29.—Native gold mohurs are not at all used as means of currency in Assam.

No. 30.—The old Company gold mohur, the Akbar, and Rajah mohur.

Nos. 31 and 32.—All gold mohurs sell for something more than their intrinsic value.

In conclusion, I would solicit permission to remark that, if the project for a Gold Currency be finally rejected, the reasons should be fully communicated to the public. There is no doubt an impression abroad, that the Government would desire to avoid a Gold Currency lest it might interfere with their paper circulation, and that they are anxious to force the latter. Their cautious hesitation is misinterpreted. It is said that the double standard may be tried, and if not found to answer, the silver standard can again be reverted to; that any loss or injury that could result from the alteration either to the State or the individual would be confined within the narrowest limits; that there is no room for any confusion of ideas between the adoption of a gold coinage and a measure tampering with the currency and affecting public or private debt; that a disturbance in value as between gold and silver of one or one and a half per cent. either way is the outside of what could take place for a long while to come, while the value of silver coin, as measured with all other commodities, is constantly fluctuating or rather falling within wider limits.

From the Commissioner, Benares,—dated the 15th March 1866.

As desired by your Circular dated 27th ultimo, I have consulted two of the most intelligent mercantile men in Benares on the working of Act XIX of 1861, "to provide for a Government Paper Currency," and beg to submit copy of their replies to the several questions, omitting Nos. 14, 15, 16, regarding which treasury officers will be best able to afford information.

No. 1.—They are not.

No. 2.—The people in general are not yet perfectly acquainted with the nature of the notes. They think if there is gold and silver, it may change hands and shape by robbery and fire, &c., respectively, but cannot be lost to the world. Sooner or later they are found again and used; whereas if paper note is burnt, washed away, eaten by white-ants, torn or thrown away by mistake, it is a clear loss to the public: the sum cannot be recovered. The people are too illiterate to read the contents even: there are many who do not know even Hindee figures. They are suspicious, too, that there is some hidden motive of the Government to draw away the cash and to give paper to India in its stead; but most of all, the narrowness of the circles of Benares and Mirzapore, &c., which had remained till the formation of one circle of Allahabad for the whole North-Western Provinces, has turned the people against the Paper Currency. They knew that the note of Benares was a legal tender only in the Benares district, which was next to being useless. Many, by mistake, taking the notes to other districts suffered great loss, and, therefore, they have made up their minds not to have anything to do with the notes. Very few have taken the trouble to enquire how those small circles have now been enlarged into one for the North-Western Provinces. There is another cause for the depreciation. The bankers in the out-districts and the interior, to keep open the sources of their profit, discourage the mass of the people from accepting currency notes by misrepresentation. When the people have no notes, the bankers sell their hoondees at a high premium. When they have notes, they cash them at a great discount, and profit thereby. The ignorant people, being in need of cash to spend in smaller sums than 10 rupees, are obliged to sell the notes to the bankers at any discount demanded. The discount depends on the distance from the sudder station of the circle and the state of the market. More than 2 per cent. has not been heard of.

No. 3.—In the sudder station of the circle, that is, the issue office, there is no difficulty in the exchange; but in other places, no facility whatever is given.

No. 4.—Without narrowing the circle, the issue offices may be increased, that is, for one circle of the North-Western Provinces, four or five offices of issue may be established, such as, one in Benares, and the other in Cawnpore, the third at Agra, the fourth at Bareilly, &c.

No 5.—The more the circles are enlarged, the better, without reducing the number of issue offices.

No. 6.—Never increase the number of circles with separate notes; if the present number of main circles be not reduced, the establishment of the offices of issue at the chief local treasuries will be a great boon to the people.

No. 7.—One note for the whole empire, with the retainment of the present issue offices, would be inconvenient to the Government. If an issue office is kept only at the Presidency, the inconvenience to the people will increase.

No. 8.—Yes; it will facilitate the circulation. Money, in small sums, is spent more than in larger.

No. 9.—Yes.

No. 10.—Yes; within the circle.

No. 11.—Yes; especially where there is no office of issue.

No. 12.—Yes; to a certain extent.

No. 13.—Yes; when they have to pay a premium for hoondees, and they are sure they will not suffer in using the notes.

No. 17.—Rs. 15.

No. 18.—Rs. 10.

No. 19.—The Australian sovereign sells for about 1 anna more than the English.

No. 20.—In the interior and small places, where the monetary transactions are not extensive, buyer and seller both suffer in the business of gold coins. If you want to sell, you will get less than in large towns; if you want to purchase, you will have more to pay.

No. 21.—Because there being no bankers, the men have their own terms.

No. 22.—They are.

No. 23.—Yes, by all means. It is much wanted. If the Government sanction the Gold Currency, the suspicion which has been created by the sanction of only Paper Currency will be much lessened, and the people will be thankful.

No. 24.—Most certainly.

No. 25.—Yes.

No. 26.—Yes, as far as we can judge.

No. 27.—They certainly will like Silver and Gold Currency.

No. 28.—Bar gold has no circulation. It is purchased for making ornaments, &c., and its purity examined on touch-stones.

No. 29.—No; they have circulation in the principalities to which they belong. Here, some of them, like those of Jeypore, are melted on account of the purity of gold for ornamental purposes.

No. 30.—Bhurutpore, Jeypore, Lucknow, Moorshedabad, &c., &c., &c.

No. 31.—Yes

No. 32.—No.

From the Commissioner of the Bhaugulpore Division,—dated the 3rd April 1866.

In answer to your Circular of the 16th February last, I have the honor to answer as requested, according to the best of my ability, the questions put by you.

No. 1.—No.

No. 2.—The limitation as to area of their circulation, and the prohibition to give silver for notes at the treasuries, except as a favor.

No. 3.—Notes are received in payment of Government dues, and are given to any extent in exchange for silver, but are not allowed to be received in exchange for silver, except under conditions which do not affect the people generally.

No. 4.—Not sufficient. As long as the Government itself does not treat its paper and metal currency as of equal value, by impartial changing of either, the people will draw a distinction

between them. If our object is to make the people believe in the Paper Currency, we must act in every respect as if our belief in it was a thorough one. Greater facility is also required for the obtaining of notes by collectors. At present their indents are not attended to with sufficient promptness.

No. 5.—No.

Nos. 6 and 7.—I would have one note for all India, and I would have it convertible at almost every treasury in the country. This plan might entail some loss here and there by the clearing out of the available cash balance in some treasuries, but the gain, in the increased confidence in, and consequent value of, the Paper Currency, would be more than an equivalent. With reference to the *N. B.* to question 7, it seems to me clear that the greater the area of circulation, and the greater the facility of conversion, in other words, the greater the similarity between coin and paper, the more will the latter be appreciated and trusted.

Nos. 8 and 9.—I would have a note of Rs. 5. I do not believe it will take much at first, but the lower down in the scale of the population we can fix the circulation of paper, the greater will be the political advantages of such a currency, and the firmer its hold on the people. I think the 5-rupee note would only slowly work its way into general acceptance, but as a convenient means of carrying small sums and of paying wages, &c., I think it would eventually get into circulation.

No. 10.—Not very much.

No. 11.—Yes.

No. 12.—I think not as a rule.

No. 13.—As a rule, hoondees are preferred.

Nos. 14, 15, 16, 17, 18, and 19.—Questions only applicable to collectors.

Nos. 20 and 21.—Questions the Currency Commission can best answer by comparison of the values given by collectors with the value at the Presidency.

No. 22.—Yes, I think they are, but at present only for hoarding or making into ornaments.

No. 23.—Yes, if of full value.

No. 24.—Yes, but the greater the facility of changing the note, the less would be the difference in estimation.

No. 25.—I am inclined to think it would; but this is a question demanding technical knowledge. I should presume the same principles would produce the same results here as in other countries where both currencies exist.

No. 26.—Yes, gold being more easily remitted.

No. 27.—I believe they would prefer the last, on the condition that the paper is easily convertible, and the gold of full value. All Native States have a Gold Currency.

Nos. 28 and 29.—Not in this division.

Nos. 30, 31, and 32.—Questions for collectors.

From the Commissioner of Customs, Bombay,—dated the 28th February 1866.

Dated 16th February 1866.

In reply to your Circular noted in the margin, I have the honor to forward the following answers to your questions relative to the working of the Paper Currency under Act XIX of 1861.

No. 1.—No, not in the Mofussil, though they are, and always have been, in general use in the town of Bombay.

No. 2.—Because a discount is always charged upon them in the Mofussil. In a recent instance, I had occasion to send a currency note of 1,000 rupees from the Bank of Bombay to one of its own branches at Bhownuggur, and was charged there with a discount of one per cent. appealed for redress to the Commissioner of Currency at Bombay, but got none. If one per cent. is the rate of discount with the Government Bank, it is sure to be much higher with Native bankers.

No. 3.—In the Custom House Treasury at Bombay, I receive and issue currency notes as coin, and *vice versâ*. This is not general in the Mofussil.

No. 4.—None but the issue of gold, which might be held in sufficient quantities at all treasuries to meet the exchange demands of currency notes.

No. 5.—The limitation of circles should be abolished, and a currency note should pass all over India.

No. 6.—*Vide* No. 5.

No. 7.—*Vide* No. 5.

No. 8.—No; 10-rupee notes are quite small enough for any practical purpose.

No. 9.—No.

No. 10.—More by Europeans than by Natives.

No. 11.—Yes, generally in the Mofussil.

No. 12.—Not largely, as Native shroffs are rather shy in possessing notes in large numbers.

No. 13.—They still prefer hoondees.

Nos. 14, 15 and 16.—Not applicable to Bombay.

No. 17.—Gold mohurs are rarely seen in this Presidency; they are nominally valued at 15 rupees.

No. 18.—The English sovereign usually commands, in Bombay from two to six annas premium; it is at this date quoted at two annas premium.

No. 19.—It is difficult to get 10 rupees for the Australian sovereign in Bombay, and I believe the Accountant General was unable to dispose of many thousands he had, a few months ago, at that price.

No. 20.—They are more difficult to procure in the Mofussil, and therefore command a higher value; but if purchased for ornaments, they usually realize their value as gold.

No. 21.—*Vide* No. 20.

No. 22.—Yes, especially for hoarding, as it is easily concealed.

No. 23.—Yes, very much in preference to currency notes; but if a gold coinage were issued, it would, like silver, be very largely converted into ornaments by the Natives.

No. 24.—Very much.

No. 25.—I think very much. A Gold, a Silver, and a Paper Currency would, in my opinion, work together very well.

No. 26.—I think so.

No. 27.—From long habit, I think Native shroffs are wedded to silver; but I think they would readily become accustomed to a Silver, Gold, and Paper Currency.

No. 28.—The following were the quantities of gold imported into Bombay during the last five years valued in rupees:—

Years.	From what Ports imported.						
	United Kingdom.	Ceylon.	Hong-Kong.	China.	New South Wales.	Suez.	Other Ports, both Foreign and Indian.
1860-61	4,79,748	30,91,436	83,86,960	2,89,000	34,58,708	53,17,585	40,08,837
1861-62	9,16,500	48,32,758	1,30,88,014	22,38,666	24,95,970	18,50,430	31,17,087
1862-63	4,02,800	56,93,950	1,31,09,415	72,00,210	52,76,920	15,71,040	69,71,459
1863-64	33,15,845	20,73,265	1,22,27,135	56,48,808	1,94,76,504	81,57,598	22,70,271
1864-65	17,37,000	71,10,000	1,72,83,268	70,63,679	1,87,81,125	56,64,337	12,75,432

The larger portion of this was in bar gold. Natives are very clever in finding out the purity of gold by touch and other means.

No. 29.—No, they are hardly ever seen in this Presidency.

No. 30.—A few are coined in the Mint similar to a sovereign. Others of a Native die are to be seen, to some extent, in some of the remote parts of the Presidency, *viz.*, in Dharwar and Canara, near the Madras frontier, and also in Sind; but they are used for ornaments and not for circulation.

No. 31.—Yes, by weight and touch.

No. 32.—No artificial value, except the Akbaree mohurs, which are much prized, especially by antiquarians.

From the Revenue Commissioner Northern Division, Bombay,—dated the 7th August 1866.

On receipt of your Circular dated 16th February last, I called upon the Collectors of the Northern Division of this Presidency for their opinions on the different points mooted; but find that, with one exception, that of the Collector of Candeish, whose reply* I now beg to forward, they have all sent their reports directly to you. It will, therefore, only be necessary for me to make a few general remarks.

*No. 1102 of 2nd June 1866.

2.—It is evident that, except in Bombay itself and one or two places in direct and close connection with it by rail, the Paper Currency system established by Act XIX of 1861 has made but little way in this Presidency, and the restrictions with which it is surrounded have much to do with the want of favor with which it is generally viewed by the Native community.

3.—It was to be expected that it would meet with opposition from that large class of Native bankers who have, until lately, enjoyed the complete monopoly of the internal exchange operations of the country, and by means of corresponding agencies established in most of the principal commercial towns in the interior, and an admirably organized system of credit by which the bills of well-known firms could be negotiated without difficulty, have made large profits by the trade. The bills of exchange issued by such firms would, of course, be, to a certain extent, supplanted in British territory by the use of currency notes, were the system once established on the basis of the fullest public convenience; but even under such circumstances, the latter would find the competition of the former very difficult to overcome in Native States. Unless jealously guarded against by the influence of the paramount power, we should find the rulers of all such semi-independent States as enjoy the royal prerogative of coining secretly, if not openly, opposed to the extension of the system to such a degree as at once to turn the scale in favor of the bills of exchange of private individuals, the circulation of which would not trench upon their royal privileges.

4.—I concur, therefore, with the collectors in their opinion that, in order to obtain for the system the desired degree of public favor, the public convenience must be more consulted than it is now. It would, perhaps, be premature to introduce, without further experience, one description of note payable on demand throughout India; but I think the system of circles might be modified with advantage by combining such as lie within convenient reach of each other, and are accessible by rail or otherwise at all seasons of the year, so as to bring into each reconstructed circle all neighbouring large commercial towns carrying on considerable mercantile transactions with each other. Our revenues are now so stable, in fact they vary, when they do so, only in the direction of an increase, that the cash balance that will be found even in each small talook treasury at any given time can always be foretold beforehand to a nicety. Accordingly, the extent of a run upon it that each circle would be fully prepared to meet can also be equally accurately calculated, and the value of the currency notes that circle might safely be allowed to have in circulation, be regulated without fear of mischance.

5.—The principle on which the Indian Paper Currency system is now regulated is to allow notes to any value to be issued, provided that, with the exception of those representing four crores of rupees, the balance shall be secured by a reserve of coin and bullion of equal value—the four crores, or such portion of them as the Governor General in Council may determine, being invested in Government securities. By Section 9 of Act XIX of 1861, the Commissioners, &c., of issue are obliged to deliver to any person on demand in exchange for coin, &c., promissory notes, the issue of which is thus practically limited only by the requirements of commerce. Under this system it is of course necessary to make them payable on demand only at the office whence they may have issued. If they were payable at any other treasury in the circle under that office, the result would be that merchants would be saved the expense of the transport of their treasure, which would have to be provided by the State at the local treasuries where the notes might be presented for payment, with the risk of the local treasuries not being always able to meet the demand. But I can see no reason why the State should not, on the one hand, limit the accommodation to be given to the public demanding it, and, on the other, give them the additional advantage of being able to obtain cash for their notes at outlying treasuries.

6.—In the case of the Bank of England, although it is empowered to issue notes to any amount above the £14,000,000 allowed on certain securities in exchange for bullion, there is, as far as I can understand, no obligation to do so: the bank may suit its own convenience. The branches of the bank are not bound to cash on demand any notes but those belonging to the institution dated and issued by themselves, and are thus precisely in the position of our circles of issue, with the exception that the latter are bound to issue as many notes as the public choose to present bullion, &c., in payment for.

7.—The sole advantage to the State, under the Indian currency system then, appears to be the power to circulate £4,000,000 of notes without coining £4,000,000 in money. If the heads of circles were allowed to limit their issues of notes to the amount that could be met at the local treasuries subordinate to each, it would be at least equivalent to saving the cost of the transport of so much treasure. This is in effect done now in Bombay by the Accountant General drawing bills upon the local treasuries for cash paid into the treasury at the former place; but the increased convenience to the public of adopting the simpler plan now suggested would be so great as to bring the Paper Currency system into immediate favor, and allow with safety a far larger sum than four crores of rupees worth of notes to be circulated on the security of the general credit of the Government of India, and result in further benefits to the State from the facilities it would afford for the extension of trade.

8.—Let us take the case of Bombay and Goozerat, inclusive of the Collectorates of Surat, Kaira, and Ahmedabad, all connected with each other by the Bombay, Baroda, and Central India Railway. All these districts are intimately associated with each other and Bombay in mercantile transactions. It would not do to make all notes issued in Bombay payable on demand anywhere in Goozerat, but the former might issue as from a head circle only such an amount endorsed for payment in Goozerat as the latter could be certain of meeting in case of a run with the assistance of the General Treasury. With the exception of Jamboosur and two or three towns on the west of the Gulf of Cambay, all the large commercial towns in the Bombay and Goozerat circle would be on the line of rail, and even the former, with the single exception of Dhollera, have mamlutdars' talooka treasuries in them. If it were clearly declared that demands for payment of notes would be met at talook treasuries only to the amount of the cash in hand, but at the sudder stations in full, and the Bombay issues were carefully regulated so as to contract at such seasons as the latter would be known to be without sufficient cash balances to meet extraordinary demands, I see no danger in making a single circle of Bombay and Goozerat, and similarly others, such as Bombay and Candeish, and so on. What is meant is simply that, in the formation of the circles of issue, more regard should be paid, consistently with a due consideration of the means of communication between treasuries

and their ability to assist each other in meeting demands for cash, to the convenience of the commercial public than to size.

9.—The system must be thoroughly established, and its advantages appreciated in the large commercial towns before it can make its way in the agricultural districts of the country. In the latter, the habits of the people will always, in some degree, impede the action of a system of Paper Currency. Their fondness for realising their property in the shape of gold and silver ornaments, is notorious, and the habitual distrust of each other that prompts them to bury their money is a feeling of their nature which will never be eradicated. The peculiar style of costume rendered necessary by the climate too will always operate against the free use of currency notes: a Native has no pockets in his clothes which would be any kind of protection to notes of flimsy texture against the perspiration continually exuding from his person, and pieces of paper stuffed into his turban would be much more likely to be lost or spoilt than solid coin tied up in his *kummerbund* or in his drawers. It seems almost ridiculous to talk of such apparent trifles as tending to check the introduction of a Paper Currency; but the fact is so palpable as to make it worth while to consider whether it would not be practicable to make the notes of some less perishable material, such as tracing cloth woven in some peculiar manner that could not be imitated in India.

10.—As yet the system does not appear to me to have made sufficient way to make it necessary to issue notes of a lower value than 10 rupees.

11.—I think there can be no doubt that a Gold Currency would be looked upon with favor by all classes, and that its great advantage over silver in the matter of convenience would lead people on imperceptibly to the desire for the still greater convenience of a Paper Currency.

12.—Detailed information on the different subjects referred to in your questions, you will find in the collectors' replies.

13.—It may not be considered out of place in this letter if I allude to the necessity for some stringent legal provision to prevent the melting up of coin to make gold and silver ornaments. It is well known that even Europeans, who are better aware than the Natives of the penalties attaching to the defacing of the coin of the realm, think nothing of using melted rupees when they want silver for any purpose, and do not hesitate, among other ways of injuring coin, to turn 4 anna pieces into buttons or studs. But among Natives the destruction of coin is enormous; and is proved to some extent by the disappearance of the vast quantities of rupees coined by the Mints of late years out of the bullion that has been flowing into the country. It appears to me that the practice can only be prevented by the enacting of a special law by which goldsmiths and jewellers (who might be registered, and take out a licence to carry on their trade) could be severely punished for melting up any current coin. Few other people possess the appliances necessary for the purpose, and if jewellers are prevented from using coin, the necessities of their trade would soon oblige them to obtain bar silver and gold, and the practice of melting up rupees would be put an end to, to the great saving of expense probably in our Mints.

P. S.—I have, with a view to ascertain with a greater degree of certainty the prospects of success of a Gold Currency, sent for reports from the Collectors of the division on the extent to which gold bars circulate as bullion in their respective charges. The reports will be submitted when they have all come in.*

From the Commissioner of Chittagong,—dated the 9th April 1866.

I have the honor to acknowledge the receipt of your Circular dated 16th February last, and to append hereto my answers to the questions proposed in the Circular.

Nos. 1 and 2.—They are not much used by the Native community away from the chief stations. Owing to the supply not being steady and reliable, they are some times at a premium and some times at a discount according as the supply falls short of or exceeds the demand.

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* See Vol. II, pages 116—118.

Nos. 3 and 4.—Facilities are afforded as far as the rules will allow; but I think a larger discretion might be allowed to treasury officers as to cashing notes.

Nos. 5, 6, and 7.—One universal note, convertible at the Presidency towns as a matter of right, and at all Mofussil treasuries at the discretion of the treasury officer, would be much liked by the Natives, because of the obvious facilities this would afford for remittances, conversion as required, &c.

Nos. 8 and 9.—I think when the present system has begun to work well, a 5-rupee note might be issued, and would be likely to be much used by the poorer classes and for small transactions. Whether these notes would have a larger currency than notes of a greater value, would depend upon many circumstances, and mainly on the rules for their supply and conversion.

No. 10.—Yes, I think they are a good deal used for this purpose, but not more so than is proper and desirable.

No. 11.—No, not as a general practice.

No. 12.—I think not in these parts.

No. 13.—No.

Nos. 14 to 21.—Answers to these questions have been furnished by the several treasury officers.

No. 22.—Gold is used for hoarding and for ornament only.

No. 23.—I think they would. But proper measures would have to be taken to prevent excessive melting.

No. 24.—On the whole I think they would.

No. 25.—Yes, I think it would to some extent.

No. 26.—Decidedly it would, provided obstacles in the way of such convertibility were not imposed by rule.

No. 27.—I do not think they have as yet thought much on these points, or come to any decided opinion upon them.

No. 28.—No.

Nos. 29 to 32.—Answers as regards the different neighbourhoods have been furnished by the several collectors.

From the Superintendent of Coorg,—dated the 15th June 1866.

In reply to your Circular of the 16th February last, received on the 15th March last, I have the honor to submit the following replies to the queries therein contained, and to express my regret at the delay which has occurred in submitting them. This delay was occasioned by my having been newly appointed to the charge of this province, and to my desire to make myself personally acquainted with the ideas and opinions of the people of the chief towns previous to submitting my report for the information of your Commission.

No. 1.—A discount of 8 annas to 2½ rupees per cent. is charged, especially when coffee planters are in want of cash. The local treasury is unable to meet the demand for cash, and during the monsoon months of June, July, and August, the period for planting operations, and when thousands of coolies are employed, as much as Rs. 4 per cent. is charged for discounting private cheques. At other seasons of the year a premium of 4 and 8 annas per cent. is occasionally paid for notes.

No. 2.—Want of cash, and cost and risk of obtaining it from Madras, Bangalore, and Mysore. Rs. 3 paid for 1,000 rupees carried from Cannanore and Tellicherry to Veerajenderpett, and Rs. 4 per 1,000 from Calicut. Also, because all are not received and cashed at the local treasuries.

No. 3.—Silver is given in exchange up to three-fourths of the value of the notes taken out of the treasury during the preceding month. Notes for silver are issued up to any amount.

No. 4.—These facilities are not sufficient. Remittances are not much required to be made. The chief product, coffee, is exported, and the cash is required here. *Ergo* notes are not much in demand, and three-fourths of the value issued does not in any applicable degree meet the wants for cash. Notes might be cashed up to the full available balance, after providing a reason for all emergencies. Public and privilege transfer receipts might be discontinued, and notes only be used, sending halves at a time.

No. 5.—The same discount is charged for notes, whether of the Madras or Bombay circles, and even if all notes were cashed at the Mercara Treasury, a discount would be charged in the other towns and villages, to meet the expense of sending up for the money, as more cash is locally required than for purposes of remittance. There is no doubt that one note for all India, like the 1 rupee, would be better calculated to promote the reception of a Paper Currency among the Native population; but it might be attended with danger in the event of any run being made on any local banks, either at periods of commercial crisis or of commercial speculations. Some limit would have to be fixed, or otherwise notes from Bombay or elsewhere might be imported in such quantities, and suddenly presented, as to drain the local bank and upset the money market.

No. 6.—1. The increase in the number of circles would prove more expensive, and involve additional labor in keeping the accounts of the notes of the several circles.

2.—Yes, if one note for all India is not feasible, up to amount of available balance at each local treasury. A supply of cash being always maintained at each office of sub-issue would prove costly. Even the notes will only be taken at par within a certain distance of the office of sub-issue, and beyond that distance a discount would be charged to meet the expense and risk of conveyance.

No. 7.—One universal note for all India would be better appreciated; but its introduction might swamp the local banks by the sudden influx of the notes from other parts of India, which would have to be met in addition to those in local circulation. Parties at Bombay, by sending in notes to a large amount at one treasury, might cause it to become insolvent, and thereby affect the money market. A limit up to available balance could, of course, be fixed.

No. 8.—Yes. It would prove useful, and would be taken by the thousands of emigrants, who save up all their earnings for conveyance to their homes. It would circulate among the poorer classes, who wish to make small remittances. Notes for Rs. 5 and 15 have often been asked for at my treasury.

No. 9.—Yes, but it is said that 1 anna discount would be charged for cash, but would be taken at par for goods taken.

No. 10.—Not much used in Coorg, except by one Mysore merchant.

No. 11.—Yes, but not by dealers when taken in payment for goods sold.

No. 12.—Chiefly by the Mysore merchant alluded to, and occasionally by others.

No. 13.—In Southern Coorg the note was said to be preferred, and in North Coorg the hoondee, as it was payable to only one, whilst the note could be abstracted during transit and used by any one. Even if sent by halves, the difficulty and delay of obtaining a fresh note in lieu, tell against the note and in favor of the hoondee.

No. 14.—To the Deputy Accountant General of Mysore at Bangalore, who could direct the Coorg Treasury to be reinforced from Mysore and Bangalore, or even by rail from Madras to Bangalore and thence by road.

No. 15.—Occasionally, owing to delay in arrival of the notes indented for. The last supply of Rs. 14,000 worth was expended in two days, as the planters at the time did not grant cheques, in consequence of its not being the working season, and a demand for notes, for purposes of remittance, suddenly arose.

No. 16.—None.

No. 17.—None in circulation in this province.

No. 18.—Rs. 10 to Rs. 10-8, never less than Rs. 10. Rs. 50,000 worth said to be imported to Veerajenderpett every year.

No. 19.—Only Rs. 9.

Nos. 20 and 21.—Yes, because they are scarce, and in demand for making up jewellery.

No. 22.—Yes, for hoarding, as gold occupies less space and is readily convertible. Also for circulation.

No. 23.—The people in the chief towns are unanimous in the declaration that a Gold Currency would be liked.

No. 24.—Yes, both for circulation and for hoarding. A large quantity of the Arab gold coin, the Bawakane, worth Rs. 5, is said to be in circulation.

No. 25.—Undoubtedly.

No. 26.—Yes.

No. 27.—The leading shroffs and dealers are for all three—Silver, Gold, and Paper.

No. 28.—No bar gold in Coorg. Occasional circulation of gold leaf at Rs. 15 per tolah.

Nos. 29, 30, 31, and 32.—None.

In conclusion, I have the honor to attach copy of a memorandum on the subject matter of this letter from Captain R. N. Taylor, the late Superintendent of Coorg, who is now our local banker, and the President of the Coorg Planters' Association, as also a letter in original.

Memorandum in reply to the Circular of Government, forwarding questions on the subject of Paper Currency in India.

No. 1.—In my experience the Government currency notes are very rarely indeed, if ever, received and paid away in Coorg at their full value by the Native community in private monetary transactions, and the reasons for the depreciation are,—1*st*, the high value of silver nearly all the year round; 2*ndly*, the uncertainty of their circulation; and 3*rdly*, risk of loss at all times either through high rates of discount or accident.

No. 2.—The average rate of discount on a currency note of any denomination is not easy to determine; but for 1,000 and 500-rupee notes, it has reached as high as 5 per cent. in Coorg, and I should say they never can be changed in the bazar except in special or extraordinary cases under 1 per cent. discount. Small notes may be occasionally sold at par, but, as a rule, no Government note is ever received readily, because it is not a legal tender, and can always be refused except at a heavy discount.

No. 3.—The treasury officer in Coorg can only exchange silver for currency notes under a rule which limits the sum of silver to some proportion of the sales of currency notes in the preceding month or months,—a limit which is, of course, unknown to the public, and which tends always to depreciate the value of currency notes in the eyes of the people, in proof of which I may mention that both Natives and Europeans will apply to me to cash notes at 1½ per cent. discount.

No. 4.—The facilities for obtaining currency notes for silver afforded by the treasury officer are as great probably as the demand requires, but in obtaining silver for currency notes, there are no facilities at all,—in fact, the extreme difficulty of obtaining any thing but a very small quantity of silver in exchange for notes from the treasury at any time is one of the chief causes of the high premium which silver commands in the towns of Coorg, as it is also the principal reason why the Government currency notes are always at a discount in the market. So low indeed is the credit of the Government currency notes in consequence of its own treasuries refusing to cash them when presented, that an ordinary draft, with almost any name upon it, has a higher value in the eyes of Native bankers and merchants.

Nos. 5, 6, and 7.—There can be no doubt that the plan of having one universal note for all India is the one which will be most popular with all classes of the community, and which will do more to establish a better value for the currency note than any number of circles, as well as to promote the reception of a Paper Currency by the Natives, who look with extreme distrust upon a note with different Presidency towns stamped upon them. I prefer the plan of one note for all India, not only because it is certain to obtain greater confidence and be more liked by the masses; but also because I consider that the plan of circles, so far as my experience goes, has been and is a most complete failure in this part of the interior of India. In my opinion, it will be impossible to establish a Paper Currency in the confidence and liking of the Natives, unless every note is convertible into silver or gold at any treasury or any bank. It seems to me that those fundamental rules which guide any private bank in the issue of its own notes must be applicable also to a Government Paper Currency, and I cannot see how it is possible, if in either case a larger amount of notes is issued than can be met by silver or gold at whatever branch they may be presented for exchange, that the credit of any paper can be expected to remain at par. The fact of Government currency notes being convertible only at the Presidency towns and at certain specified treasuries is quite sufficient to ensure their always remaining at a discount in the interior of India. They are in reality no longer currency, but mere bills of exchange, with varying rates as other ordinary bills. A currency note to retain a par value must be convertible anywhere and everywhere in India, and the only way in which it appears to me that this object might eventually be obtained would be by a considerable portion of the cash balances in every treasury being available for exchange of notes; such balance or reserve being kept up according to the demand by importation of silver if necessary. It is not in the nature of financial arrangements that a Government can afford any more than a private banker with impunity to issue more paper money than it can meet with bullion, and I do not think its responsibilities can be limited by its power. As long as a currency note is not a legal tender and not convertible everywhere at its own treasuries or banks of issue, so long must the credit of Government paper money remain below par.

No. 8.—I consider that a note of the value of 5 rupees would obtain greater popularity among all classes of the Natives only in proportion to the greater facility with which it might be converted into silver or gold.

No. 9.—It would have a larger currency than other notes for the same reason only.

No. 10.—Notes are used by Native bankers for remittance wherever cheques or drafts are not obtainable.

No. 11.—In Coorg I think it is the general practice to charge discount for cashing notes.

No. 12.—I think not.

No. 13.—One being payable at sight, the other rarely so, the former is preferred, according to the ratio at which the rates of discount for either may stand at the moment.

No. 14.—A large number of currency notes would not be cashed at the treasury here if presented, but if a large reserve was kept here for this purpose, it could easily be reinforced from Mangalore, Mysore, Bangalore, or Madras.

Nos. 15 and 16.—Coorg represents now a large English colony of planters and others who are always investing capital in the country, and in order to pay for the labor, a constant demand exists for silver, so that if notes were taken at the treasury to any extent, there would never be any occasion to indent for them.

No. 17.—Nominal, being rare.

No. 18.—Rs. 10-2.

No. 19.—Rs. 10-4.

Nos. 20 and 21.—The average value of gold coins here may be a little higher, because they are chiefly purchased for making jewels or ornaments.

No. 22.—Not for circulation, but for hoarding, yes.

Nos. 23 and 24.—Yes, I think they would, and I am of opinion that gold coins would find more favor in their eyes than notes of like value certainly unless the latter was a legal tender.

No. 25.—On the same ground a Gold Currency would help a Paper Currency, because, if their value was identical, the Natives would prefer retaining gold as a reserve and circulating the notes.

No. 26.—Assuredly, the circulation of gold, in every town, of equal value to notes of 5, 10, and 15 rupees, would render the latter more acceptable to the Natives, and if the notes were readily convertible into gold or silver at all outlying treasuries, it would have the effect not only of bringing into favor the circulation of currency notes among all classes, but prevent any chance of the outlying treasury being run upon suddenly for a large supply of silver.

No. 27.—The opinion which I am able to gather from Native bankers and traders with whom I am in the habit of dealing is, that they would prefer a Silver, Gold, and Paper Currency.

No. 28.—There is no circulation of bar gold here, and gold mohurs are not used as currency.

From Captain Ralph Taylor, *to the Superintendent of Coorg, Mercara,—dated May* 1866.

Referring to my answers to the list of printed queries on the currency question, which you were good enough to forward for my perusal and reply, there are some further points touching the value of silver in Coorg, and its effect upon the circulation of money in the country, which being within my own practical experience, may perhaps be deemed worthy of accompanying the answers I have already made on the subject of currency generally.

Up to the year 1864, the Government were in the habit of assigning a portion of the funds in the Coorg Treasury in exchange for bills, called supply bills, advertised for and sold to the highest bidders by the Accountant General at Madras. These bills always commanded a premium, varying from 4 annas per cent. upwards, though I am not aware they ever exceeded 1 per cent. In consequence of the large amount of silver eventually required for payment of labor in a district where European enterprise and capital was continually on the increase, the demand for these treasury bills, always eager, was far larger than the sum available, and the result was that the value of silver in exchange for drafts or currency notes even at that time still continued high, and the rate of exchange, I should say, never below 1 per cent. All of a sudden, however, the issue and sale of bills upon the Coorg Treasury by the Accountant General at Madras was discontinued, and the great difficulties to which all planters and residents were put for cash to carry on their operations not only caused the rate of discount to rise to 3, 4, and 5 per cent., but, at times, money was not obtainable at any price, and individuals were obliged to leave the country and seek it at the nearest towns.

In this state of affairs the capitalists in Madras most largely interested in the operations of the European planters in Coorg made remittances of silver to me for disbursement, and this had the effect of relieving the market, and checking excessive rates of discount. The risk of transit, however, and loss by retaining large sums unemployed even for a few months, was greater than the Madras capitalists approved of, and on the suspension of these remittances in 1865, the rates of discount on draft and currency notes again rose, and a monopoly was established by the leading soucars in the bazar.

In November 1865, I calculated that the requirement of silver and copper for the payment of labor alone in Coorg would amount to six lakhs of rupees per annum, and the complaints about the impossibility of obtaining money were so loud that I made arrangements to start a banking and discounting establishment in December at fixed rates of discount, *viz.*, 1½ per cent. on Madras, and 2 per cent. on Bombay. My scheme was amply supported during the winter months, the price of money in the bazar of course fell, and every attempt to make a compromise with me was tried by the soucars. They also offered money on lower terms to some of my constituents, but were unsuccessful until the coffee season had passed; but in the month of March,

offers of silver at par were made, and some times accepted. This was, however, done from necessity, and with a view, if possible, to regain a monopoly by underselling the bank, which having imported bullion at heavy cost could only reduce its rates at a sacrifice.

Provided that my establishment retains its present constituents, there will be every encouragement to continue; and a common currency of gold, silver, and currency notes of small denominations popular with all classes would greatly assist the retention of a permanent bank, and, at the same time, materially tend to establish more steady and even rates in the value of each description of money.

Having for my object the extension of a monopoly in discounting, and being opposed by every Native banker, my first operations have been attended with heavy charges for remittances, establishment, and loss of interest, which, putting aside profit, would not admit of a reduction in the rate of discount; but I feel sure that my efforts have increased the supply of silver, have saved many planters from severe loss in discount, and if encouragement is given, will bring the money of the Native bankers to the bank, increase the circulation, and equalise the value of money.

It will be observed from the above facts that while a young English colony is struggling by private enterprise to supply itself with funds necessary to carry on operations which not only tend to assist the material progress of the country and increase the wealth of its inhabitants, but also to enhance, in a large degree, the Government revenue, it is surrounded with difficulties, and impeded by a currency of one single precious metal, which, in consequence of a defective and unpopular Paper Currency, is always both high in value and limited in supply.

As with silver, so with the large amount of copper monthly circulated in Coorg, there is a perpetual drain of each metal which, once disbursed from original sources, seems to disappear from circulation. Both silver and copper find their way into the Mysore and the Madras Presidencies, and the supply has to be re-imported. This is accounted for, in some measure, by the fact that the staple products of Coorg being rice and coffee only, all the remaining articles of human consumption are foreign and have to be paid for elsewhere. The province of Coorg is more peculiarly situated in this respect than any other part of India, and I would submit that a country where the European population is annually on the increase, and, which possesses all the elements for establishing a large British colony, deserves at the hands of the Imperial Government such consideration and assistance in its monetary and currency affairs as will tend to remove its present difficulties and increase its prosperity.

From the Officiating Commissioner, Cuttack Division,—dated the 26th March 1866.

In reply to your Circular dated 16th February 1866, I have the honor to reply to the queries therein contained *seriatim.*

No. 1.—In the Pooree district, notes are hardly known in the interior of the district, and even in the town cash is preferred; where used by the higher classes, transactions are limited, and such few notes as are used are dealt with at par. In Cuttack notes are not in general use, and when used, are taken at their full value. Native merchants have every confidence in circular notes, and would readily use them in private transactions were there greater facilities for negociation. In Balasore notes are received and paid away by Native merchants at the full value. The above remarks apply only to notes used as a medium of exchange in buying and selling, and for value received in goods; where exchange in silver is required for notes, a discount is invariably demanded.

No. 2.—The reason is that the receiver of a note requires compensation for the risk he incurs of having his money locked up until another favorable opportunity may occur for converting it into cash; discount varies from 4 annas to 1 rupee per cent.

No. 3.—Small notes are cashed for *bonâ fide* travellers generally; exchange of cash for notes is regulated by orders of the Accountant General's Department on the cash balances at each treasury; the issue of notes is unreserved.

No. 4.—No, certainly not; the facilities afforded by Government treasuries are spasmodic and uncertain, and Government is often placed in a position that would be death to the credit of a private firm—that of refusing to take up its own paper, its own promise to pay on demand. Let district treasuries be kept fully supplied with funds for a time, and free exchange given. Confidence and habit once being established, matters will adjust themselves, except under very exceptional circumstances, and any loss to Government by having occasionally to remit specie to one treasury to cash its notes will be covered by the gain of not having to pay the cost of transmitting treasure from other districts where cash has been given for notes remitted to the Calcutta Treasury.

No. 5.—Most decidedly not; the more circles there are, the more circumscribed becomes the area within which a note may circulate. Nothing would so much promote the reception of a Paper Currency by the Native population as an idea of absolute certainty of being able at all times readily to convert their notes into cash.

Nos. 6 and 7.—I would have no circles, but an universal note for India. Mercantile transactions among Natives are not confined to one circle or Presidency, but extend all over India. I have heard frequent objections made that the notes of one circle or Presidency are not readily cashed in another. The question put by a Native to me not long ago was, "if all the country belongs to Government, why can't I get my Government note cashed at any Government treasury; if not, what is the use of notes?"

Nos. 8 and 9.—A note of lower value than 10 rupees is not required.

No. 10.—Yes.

No. 11.—Yes, religiously.

No. 12.—I cannot obtain any reliable information, but I think it is very probable.

No. 13.—Within the circle notes are preferred; beyond it, Native bankers' hoondees.

No. 14.—Pooree Treasury is distant about 50, and Balasore 100, miles from Cuttack by road. By sea, treasure might be transmitted from Calcutta to Balasore or Pooree in from two to four days to Cuttack, *viâ* False Point, in about five days. There is telegraphic communication with Calcutta.

No. 15.—In Pooree, yes; Balasore, no; Cuttack, yes, frequently for small notes.

No. 16.—That notes would be chiefly used for remittance, and that it was not desirable to increase treasury balances by further supply.

No. 17.—In Pooree, Rs. 14-4; Cuttack, Rs. 15; Balasore, Rs. 15.

No. 18.—Pooree, not known; Cuttack, Rs. 10-4; Balasore, Rs. 10-2.

No. 19.—Pooree, not known; Cuttack, Rs. 10; Balasore, Rs. 10.

No. 20.—I think they do not.

No. 21.—Being very plentiful, they are liked as ornaments, or to break up in making jewellery.

No. 22.—Yes, gold is hoarded, gold coin is not sufficiently plentiful for circulation.

No. 23.—Yes, certainly if it were made a legal tender.

No. 24.—Decidedly, though I doubt if a 5-rupee gold piece would be popular, it would be small and easily lost.

No. 25.—I am of opinion that it certainly would do so, the Gold Currency being issued of slightly less intrinsic value than the amount it represents to prevent its being hoarded.

No. 26.—Undoubtedly.

No. 27.—They would prefer Silver, Gold, *and Paper* Currency.

No. 28.—Yes, and its purity is tested by the touch-stone or *kussowtee*.

No. 29.—No.

No. 30.—Moorshedabad, old sicca.	Queen's mohur.
Ditto new.	Sultanee.
Jeypore.	Delwar.
Delhi.	Honomani.
Sersoe.	Lucknow.
Company's mohur.	

I have not seen many of these coins, but give the names as obtained from district officers.

Nos. 31 and 32.—No, they are bought at slightly above their intrinsic value, without particular reference either to their denomination or State from which issued.

NOTE.—I do not suppose that a Gold Currency in India will ever supersede silver, which must remain as the basis of the currency, but I believe it will be favorably received by the people even if slightly below the intrinsic value it represents, and if freely issued and received; moreover, it will, from its small bulk and portability, materially assist the currency note circulation.

From the Commissioner of Dacca,—dated the 24th April 1866.

I have the honor to submit the following replies to the questions proposed in your Circular of 16th February.

No. 1.—The ambiguity of this question has led to much difference in the answers of the district officers. If by "private monetary transactions" the settlement of an account between two merchants is meant, unquestionably notes would pass at their full value as between equals; but in the settlement of an account between a retail and wholesale vendor, the latter would claim the bazar discount of the note.

No. 2.—According to the district replies, the rate of discount varies from 4 annas to 3 rupees per cent. The extreme depreciation indicates suspicion and non-convertibility. The minimum charge is one which is merely a charge for the accommodation afforded to the party requiring the change, and the same poddar will charge 4 annas for cashing a note and for exchanging a note for cash on the same day.

No. 3.—The district answers vary, but practically the public have not received the benefit of any collector's good intentions. The collector does not sit in his treasury; and a Government treasury has a sentry at the door.

No. 4.—If notes are made convertible for silver on demand, and *vice versâ*, and accepted as a legal tender, the natural course of things will increase their use. At the collector's treasury door there must always be a sentry, who is an unconscious obstacle to all facilities for exchange there.

No. 5.—The circle system is absurd and incomprehensible, and is one of the great bars to the increase of note circulation.

No. 6.—No.

No. 7.—One universal note, convertible all over India, is the only plan that commends itself to my mind. No other course can command the confidence of the Natives. If you make a particular rupee current in the Dacca circle, but not in the Allahabad circle, you will see why circle notes are not liked.

No. 8.—A 5-rupee note would be most efficient, as best suited to the present comparatively limited means of the people.

No. 9.—I do not know what is meant by "larger." It is said that the Bank of England makes more notes of £1,000 than of £5.

No. 10.—I think that the district officers rather exaggerate the use of notes by the shroffs and Native bankers. The latter would use them if they could get them.

No. 11.—See my answer to question 2.

No. 12.—I think not.

No. 13.—I think they would prefer notes if they could get them; for the complaints have been numerous that the Bank of Bengal, at its Dacca branch, will not give bank notes for purposes of remittance.

Nos. 14, 15 and 16.—This applies to collectors.

No. 17.—The district officers say from Rs. 15 to Rs. 15-8. My private experience would say Rs. 14, as the Government gold mohur is some times given to medical officers as a gold mohur fee, but they cannot get more than Rs. 14 for it.

Nos. 18 to 21.—Not known yet in this division.

No. 22.—The fondness of the people for hoarding gold is notorious. They have not had an opportunity of showing their feeling as to its circulation.

No. 23.—I believe that the advantages of a Gold Currency would soon commend it to the intelligence of the Native community.

No. 24.—In England who cares whether he has 5 sovereigns or a £5 note in his pocket, so long as he is in a place where the latter can be changed if necessary. I do not see why the climate of India, or the color of the people, should affect the case.

No. 25.—I think it needless to repeat the able arguments of His Excellency the Commander-in-Chief on this subject.

No. 26.—Yes.

No. 27.—I am not acquainted with any of the local shroffs who have had an opportunity of forming an opinion on the subject. It is almost a fallacy to speak of silver *and* paper as the present existing currency.

No. 28.—No.

No. 29.—No.

No. 30.—The Collectors have stated them in their returns.

No. 31.—The old Native sorts command a fancy price.

No. 32.—They are little used, and the price is almost a fancy price.

From the Commissioner and Superintendent, Delhi Division,—dated the 9th April 1866.

The district officers of this division have replied direct to your Circular of the 16th of February last.

As they have better means of replying to several of the questions than I possess, I shall omit making replies to these questions, and confine myself to those concerning which I may have had an equal opportunity of obtaining information.

No. 1.—Government notes are in general not at all used by the Native community in private transactions.

No. 2.—The Native community has not yet been accustomed to Paper Currency. The people fear forgeries, and have not yet confidence in currency notes. They are generally received in payment at par from Europeans by Natives who know what notes are in large cities and towns. In the country, they are rarely accepted in payment. When taken in payment, no discount is demanded. When exchanged for bullion, discount is always demanded. The rate varies.

No. 3.—The district officers have afforded information on this subject.

No. 4.—As long as notes are received in payment of revenue, &c., and supplied to applicants in lieu of specie, all necessary facilities are afforded. The treasuries should not be made money-changers' shops, or used for purposes of speculation.

No. 5.—The present system of circles, with separate notes, is a failure, and has prevented the free circulation of notes.

No. 6.—I do not consider that any of the arrangements proposed would succeed.

No. 7.—The plan of one universal note for all India is preferable. It should be convertible at the Presidency towns, and also at the present centres of circles. Notes of one circle are now not generally received in another, except at a discount. A note is virtually not current except in its own circle. This circumstance has impeded the circulation of Paper Currency. The conclusion is obvious that one universal note for India is required. To give confidence, there must be means of converting the notes into cash at other places besides the Presidencies.

No. 8.—Notes of Rs. 5 are likely to be useful, and I think would be generally accepted for purposes of currency. The objection to notes of large value is that they cannot be readily cashed.

No. 9.—Yes.

No. 10.—Yes, extensively.

No. 11.—Yes.

No. 12.—Yes.

No. 13.—This depends upon the rate of exchange.

Nos. 14 to 19.—See district reports.

No. 20.—I cannot say.

No. 22.—Gold is purchased for hoarding and remittances, not for circulation.

No. 23.—Gold would be accepted for the above purposes, but would eventually come into circulation as a currency.

No. 24.—Yes.

No. 25.—I think not; gold would be preferred, and shut out notes except for remittances of large sums.

No. 26.—Yes, if the outlying treasuries are supplied with gold.

No. 27.—They prefer any thing that will increase their trade; gold and paper do this.

No. 28.—See district reports.

No. 29.—They are much used for hoarding and remittance.

No. 30.—The Government mohurs and Jeypore ones are those most used.

No. 31.—Not at their nominal value, but at their intrinsic value at market rates.

No. 32.—The Jeypore gold mohur has a higher value than all other gold coins on account of its purity, although it may contain less pure gold than another coin; all gold coins have an artificial value according to their supposed purity.

From the Commissioner and Superintendent, Jullundur Division,—dated the 18th May 1866

The officers in charge of the treasuries having been called on separately for their replies to the categorical enquiries made by the Secretary to the Commission of Enquiry on the operation of the Paper Currency Act, I now forward, for perusal, a copy of each officer's opinion, and I now need only offer my remarks in a general way.

2.—To the question whether Government currency notes are popular, or can in fact be at all considered to be used by the people, the answer must be in a decided negative. With the exception of European travellers and the comparatively few enlightened Natives, the currency notes are not used at all by the mass of the people.

3.—The reason for all this is their inconvertibility. The Government treasuries do not give silver in exchange for notes, and this is quite fatal to their reception. The Natives look upon them with suspicion when they find the Government treasuries refusing apparently to acknowledge their value by giving the silver they are said to represent. It is well known how important an element confidence is in the money market, and how easily it is destroyed, and we cannot be surprised at the suspicion of the Natives being excited at this refusal on the part of the Government. The direct consequence of this inability to get cash for notes except at Lahore, the head office of issue, is to depreciate their value to 8 annas or even more per cent.

4.—If the notes were issued in payment of salaries, and could be cashed at tehseels or district treasuries when cash enough happens to be there, the main obstacle to the currency of these notes would be removed. Just at first, until the notes get well into circulation, there might be a run on our district treasuries, and occasionally it might be difficult to cash them on demand. But this difficulty, I am assured, would be but temporary, and when once they had found their way into the confidence of the people, they would be as current in the bazar as notes are in England.

5.—I am aware that this question of conversion is contained in the larger one of issue. On this subject, in all its bearings, I cannot pretend to offer opinion that will carry much weight; but as the results of experience are sought, and opinion is asked on the important question of circle of issue, I would remark that the difficulties experienced in other countries in the process of issue from one centre are aggravated here to a very great extent.

6.—I learn that in France the bank of issue is weakened by 53 branches, some of them, it is said, bearing upon its resources as if at the end of a long lever, and as has been remarked "In India and the United States these inconveniences are increased. If a note be legally convertible into coin at only one point, it is practically inconvertible at many other points, especially if facilities for locomotion be scarce. Again, if the notes be made convertible at more than one point, it becomes necessary to keep reserves at more than one point, which greatly increases the cost of the issues and risk of failure. Hence the India circles of issue and the free banking system of America." But the writer of the article from which I have just quoted is under the impression that in India our arrangements are a success, and that imperial paper money does circulate, whereas we know that it does not do so beyond a very limited sphere, and the reason is explained by there not being enough places at which to convert the paper into cash.

7.—I would venture to offer my opinion that keeping the present circles as they are, the difficulty might be obviated by making every district treasury an office for cashing paper notes.

8.—The theoretical objection to this is, that it requires so many reserve treasuries to be kept up, but so they are, and so they must be kept up, for the receipt of the revenue collections, and I should apprehend little or no risk of the treasury being suddenly drained if currency notes were made a legal tender. It should be understood that legally the only treasury for cashing notes is the mead office of the circle, but for convenience sake, at any treasury where there is money the notes may be exchanged.

9.—On the question of a Gold Currency, I believe the general opinion to be decidedly in its favor, and it is not supposed that the Natives would hoard sovereigns to any undue extent if they became the current coins of Hindoostan.

10.—I am aware that this opinion is opposed to the alleged experience of former days, and I cannot attempt to treat the subject as it should be handled; but the opinion of the Native bankers and others most likely to form a correct idea on the subject is such as I have stated it to be.

From the Commissioner of the Meerut Division,—dated the 28th February 1866.

No. 1.—Government currency notes are not readily received, and when they are, they are not received at their full value.

No. 2.—The reason for their depreciation is, because they are not easily convertible, and can only be cashed at the head of the circle to which they belong. The average rate at which they are discounted is one per cent.

No. 3.—No facilities that I am aware of are afforded by treasury officers for the exchange of currency notes for silver, and *vice versâ*, except perhaps at the head of the circle, and of this I have no experience.

No. 4.—The facilities are manifestly insufficient. They would be increased by making the notes payable at *all* Government treasuries, if the exchange result could be avoided.

No. 5.—The present arrangement of circles, with a separate note for each circle payable only at the office of issue, is opposed to the reception of a Paper Currency by the Native population, nor is it desirable to retain it.

No. 6.—There is no reason for increasing the number of circles if offices of sub-issue be established at the chief local treasuries, which would be preferable to the present arrangement of notes being convertible alone at the head office of issue.

No. 7.—It would be undesirable to have one universal note for all India, if payable only at the Presidency towns and at certain specified treasuries. But one note would answer if payable, as above stated in answer No. 6, at offices of sub-issue at the chief local treasuries, inasmuch as the facilities of receiving payment would be greater, which would be an important object. If there were several sources of payment, the notes would be readily received by Natives, *i. e.*, if the notes were more easily convertible. At present, as a rule, to which there are very few exceptions, the Natives decline to receive currency notes from us in payment of their demands, because the treasuries are not empowered to exchange the notes for cash.

No. 8.—Yes, I would propose notes of the value of 5 rupees, and even those of smaller value, as the generality of Natives being of the poorer class could not afford to circulate notes for large sums.

No. 9.—Yes, for the reasons given in answer No. 8.

No. 10.—Currency notes are very seldom used by shroffs and Native bankers for purposes of remittances.

No. 11.—Yes.

No. 12.—Shroffs and Native bankers do not buy up the notes at a discount for the purpose mentioned in the question, but they buy the notes to sell again at a favorable rate, which is not above par, when opportunity occurs.

No. 13.—No.

No. 14.—As the notes are not convertible at the treasuries in the Meerut division, the contingency indicated in the question has never arisen. But if the notes were cashed at these treasuries, the deficiency of cash, if it occurred, could be met by indenting on neighbouring treasuries for assistance. The rail passes through three districts. It would be used as a means of transport. In the three remaining districts we have good metalled roads, and supplies of money could be sent from one treasury to another, within two or three days, on country carts, or in less time in the Indian Carrying Company's waggons in charge of a Police escort.

No. 15.—I believe last year the Meerut Treasury, which was entrusted for a short time with the issue of notes for the purpose of remittance to Calcutta, was unable to meet the public demand. The Commissioner of Currency or the Accountant General would probably afford the best information on the subject.

No. 16.—Here, again, I would suggest a reference to the two officers named above.

No. 17.—Rs. 15, *i. e.*, 1 rupee discount.

No. 18.—Par or Rs. 10.

No. 19.—Par or Rs. 10.

No. 20.—They do generally bear a higher value I believe.

No. 21.—They are used for jewellery.

No. 22.—Natives are fonder of hoarding gold than circulating it.

No. 23.—Yes, provided it was easily convertible at the treasuries.

No. 24.—Yes, a Native always prefers gold to paper.

No. 25.—A Gold Currency would help the Paper Currency when the poorer classes become accustomed to it.

No. 26.—Not at present, it may eventually.

No. 27.—The shroffs would prefer a Gold and Silver Currency only. They do not consider paper "tangible."

No. 28.—Bar gold does not circulate here freely; its purity is tested by putting it in a furnace.

No. 29.—Native gold mohurs are not used as means of currency, because they are not considered legal tenders, but they are largely used by goldsmiths in the manufacture of jewellery.

No. 30.—Jeypore, Mussoodabhadee, Mahomed Shahee, Allum Shahee, and Shah Jehan.

No. 31.—Yes, they do.

No. 32.—No, they do not bear an artificial value.

From the Commissioner and Superintendent, Mooltan Division,—dated the 8th March 1866.

Dated 16th February 1866.

I have the honor to forward the accompanying replies to your Circular marginally noted.

If Government is not willing to make over the general business of Paper Currency to banks, as mentioned in No. 7 answer, I see no way for a Paper Currency likely to be successful, unless a general currency note is issued for the whole of India, made payable at certain cardinal treasuries; but until a complete statement of the rates of exchange all over India be compiled, it is impossible for me to give any reasonable idea as to where these treasuries should be. Many treasuries, not looked on as cardinal treasuries, might be able to employ notes receivable and payable at them for local use. For instance, at Mooltan, we might employ 20,000 or 30,000 rupees worth of local notes. Many treasuries might be looked upon as able to take off imperial, general, and local notes; but it is impossible to say what the result might be, since the Native mind is very unsettled as to the advantage or disadvantage of currency notes.

No. 1.—Government currency notes are coldly received by Natives, and discount is constantly paid on their being cashed.

No. 2.—Their depreciation is caused partly from a distrust of Government, partly from a want of a free convertibility of currency notes at treasuries. Notes of the Lahore circle are discounted from 8 annas to 1 rupee 8 annas per cent.; for notes of other circles as much as 2 per cent. is charged.

No. 3.—No facilities, except in the case of travellers and railway companies, and to private parties to a limited extent. The instructions on the subject are contained in Accountant General's (Punjab) Circular, No. 159, dated 23rd December 1864, and No. 15, dated 17th July 1865. They are briefly as follows :—

Officers in charge of treasuries should receive currency notes in payment of all Government dues, and should pay them on tender of silver, or to persons having claims upon the Government, if those persons make no objection to take them. No one must be obliged or pressed to take notes against his free consent.

Notes are to be cashed at treasuries only to a limited extent, and for small sums as an accommodation to private parties or travellers at the discretion of treasury officers.

Railway companies are authorized to receive notes of other circles when *bonâ fide* tendered by travellers.

Government treasuries must accept all notes, even those of other circles, when tendered by the railway company, as *bonâ fide* from travellers.

No. 4.—You must have places so conveniently situated and so well managed that a note (as authorized) when presented must be at once cashed,—the plan of such buildings must be well designed both for large and small towns.

Nos. 5 and 6.—Objected to.

No. 7.—I would issue general currency notes for the whole of India, and make them over to any bank which might demand them on a deposit as security of Government paper, valued at a percentage (to be fixed hereafter) above the current price of the day, and thus no more notes would be taken than required by the community; the security of the note would be secured, and the public guarded against an over-issue of notes by the State. Each bank to be bound to pay for its own notes in specie when called on to do so, consequently convertibility would be secured. Thus a security for the public would be vested in the hands of Government on account of notes issued, and a bank not meeting its liabilities in specie for its notes, would be liable to bankruptcy.

No. 8.—I certainly would not propose a note of 5 rupees. It is very desirable to keep up the credit of notes that they be circulated amongst the middle classes, and a note of 5 rupees would bring the note within the prejudice of the working classes, since they would be paid notes of this value in lieu of wages.

No. 10.—Notes are used when Native credit is bad, and when there has been any overtrading; take, for instance, the panic caused by over-trading in cotton.

No. 11.—The demand and supply regulates the discount; at times no discount will be paid.

No. 12.—No.

No. 13.—If Native or bank credit is good, Government currency notes are not cared for.

No. 14.—We have rail from Mooltan to Umritsur, *viâ* Lahore and Montgomery. We could look for support to the treasuries of these places, also to those of Moozuffurghur and Jhung; but the supply of money at Moozuffurghur, Jhung, and Montgomery would always be very limited.

Nos. 15 and 16.—Only once in July 1865, when the notes ran short, some inconvenience was caused by a delay at Lahore in complying with our indent. There was no refusal to comply, and the cause of delay was not explained.

No. 17.—Rs. 15, variable according to the value of gold.

No. 18.—Rs. 10-3, variable according to the value of gold.

No. 19.—Rs. 10-1, variable according to the value of gold.

Nos. 20 and 21.—I cannot say; gold will, at Mooltan, probably vary most as to price in November and December, when the merchants from Central Asia arrive, and in February and March, when they are preparing for the homeward trip.

No. 22.—As regards circulation, people do not make much inquiry about gold; for ornaments, gold is in demand. As a man increases in wealth, the ornaments of gold in his family increase; but I doubt if much gold is hoarded, except in the form of ornaments.

No. 23.—They have no definite ideas as to a Gold Currency; if the Government, they say, introduces it, we have no objection.

No. 24.—Gold coins would at once carry the day against notes of a similar value.

No. 25.—I do not know whether this question is asked in connexion with a Silver Currency. If a double currency be intended, and perfect security and convertibility be supposed to have been attained by a Paper Currency, of which the notes were to be as low as 5 rupees, I believe that silver and gold would both be displaced. We know that, during the Crimean war, it was contemplated in England to issue £1 notes; the result would have been a great displacement of gold, which would have been exported as bullion.

No. 26.—I do not know that outlying treasuries would benefit more by gold than silver. The cost of sending it to these outlying treasuries would probably be cheaper than sending silver; but its greater value would require a stricter custody.

No. 27.—Native dealers have no well-defined notions on this point; but I do not imagine we can have a Paper, Gold, and Silver Currency at the same time, since the smallest fluctuation in the relative price of gold and silver would disturb a double standard. Banks would, however, always give and take gold for what it is worth.

No. 28.—No.

No. 29.—To some extent our trade with Central Asia is its cause. The small bulk of gold makes it more easy to carry than silver for long distances—the ultimate object being either its sale as bullion, or its use for barter in the purchase of indigenous articles, or for exportation to India.

		Rs.	As.	
No. 30.—Tilla, 4¾ mashes	=	6	4	
Jeypore ushurfee, 11 mashas	=	15	12	
Furruckabad Kuldar ushurfees as follow :—				
Old, 12¾ mashas	=	20	0	Variable according to the market price of gold, or according to the purity of the metal.
New, 13¾ mashas	=	18	0	
Boodkee 5 phullee, 3½ mashas	=	5	4	
Boodkee 4 phullee, 3½ mashas	=	4	12	
Boodkee Mahomedshahee, 3½ mashas	=	4	9	

No. 31.—They pass for their intrinsic value, except the Furruckabad gold mohur, which sells for 20 rupees (this is the statement which has been furnished to me).

No. 32.—No, according to the market rate, which depends on the quantity of gold in the bazar, and according to its quality and the demand for it, except in the case of the old Furruckabad ushurfee, which always fetches the uniform price of 20 rupees.

From the Commissioner for the Government of the Territories of His Highness the Maharajah of Mysore,—dated the 15th March 1866.

In order to obtain the fullest information in my power on the subject referred to in your Circular of 16th February (received by me on the 7th March), I requested the Deputy Accountant General of Mysore to convene a meeting of the leading bankers and shroffs,

both European and Native, now residing at Bangalore, and beg to forward the results of their conference as given in the accompanying copy of a letter, No. 2372, dated 13th instant, from Mr. Hudson.

2.—I beg to draw particular attention to the circumstance that all talook treasuries in Mysore have been directed to cash notes from 10 to 100 rupees when they are in funds. During the season of non-collections, this accommodation cannot be afforded, but even in the limited shape in which it is practicable, a great boon is conferred on the people.

3.—I quite concur with the meeting in advocating one note for all India. A little consideration of the courses of trade will show that produce must constantly be carried beyond the boundaries of local circles. A merchant goes, for instance, from Dharwar to Bellary to purchase cotton, and must now furnish himself with Madras notes, Dharwar being in Bombay. The same must hold good of a Bengal Presidency merchant proceeding to Bombay or Madras; probably at Jubbulpoor neither Bombay nor Madras notes could be procured without difficulty, while they would be practically useless there for every-day purposes. I think that it is not necessary that every talook or even district treasury should be ordered to cash notes at all seasons, and in any case I recommend that only the smaller denominations should be cashed, except at Presidency towns. The great object is to make the notes popular among the Natives, and they will not be so as long as they are not freely cashed in the minor treasuries, with a reservation as to the notes of higher values, that is above 100 rupees.

4.—A note of Rs. 5 would, no doubt, be acceptable, but it would not be received by laborers and servants receiving monthly wages, unless it were readily cashable at the nearest talook treasury.

5.—Hoondees being payable to a particular person, are, I consider, preferred to notes, especially if the sender does not take the precaution of forwarding the latter in halves, which, again, causes delay. Supposing I wanted to pay a bill in Bengal, I could get a hoondee, but a note of that circle is not procurable here. If I send a Madras note, a discount for cashing it would be demanded in Bengal. Therefore, at present, a hoondee is preferable for many reasons, some of which would, however, disappear were one note for all India issued by Government.

6.—The remarks made by Mr. Hudson in paras. 3 to 10 of his letter are, I consider, deserving of attention, and I feel assured that the measures taken in this province to promote the circulation of the currency notes have proved successful.

7.—The answers of the meeting to the several questions regarding a gold coinage do not appear to call for special remarks from me.

From the Deputy Accountant General of Mysore,—dated the 13th March 1865.

Circular of the Secretary to the Commission on the Act for providing a Government Paper Currency, addressed to the Commissioner of Mysore, dated 16th February 1866.

I have the honor to report, for the information of the Commissioner of Mysore, the results of the meeting of bankers and merchants held at his desire to confer on the subject of the currency, with reference to the Circular letter noted in the margin. The meeting, I may observe, was convened for the purpose of eliciting information as to existing usages among the mercantile community, and ascertaining their views and requirements, in regard to currency notes and a gold coinage. Of the eleven Native gentlemen, members of the leading firms, who were invited, eight attended, with two who came unsolicited. Messrs. Franck and Black, the agents of the Local European Banks, and Mr. Edwards, of the firm of Edwards and Company, were also present, and the notice being short, this number may be considered satisfactory, as indicative of the interest felt in the subject by the classes represented.

2.—I will now detail the facts and opinions adduced, bearing in mind that the object of the meeting having been explained, the questions put in the Currency Commission's Circular were read out in English, and carefully interpreted in Canarese and Hindoostani to the Native gentlemen present, who discussed them without reserve, and seemed unanimous in the conclusions arrived at.

Answers to the Questions in the Circular.

No. 1.—Government currency notes issued by the Bangalore branch of the Madras bank are readily received and paid away at par in Bangalore, being convertible into cash at the branch office, but those of the head office at Madras are usually received at a discount.

No. 2.—The principal causes of depreciation are want of ready convertibility on the spot, and the notes not being legal tender in transactions among the community. The discount varies from 2 annas to 8 annas per cent.

Nos. 3 and 4.—Not discussed. It was explained, however, to the meeting that, whenever surplus specie was available beyond the local requirements of the public service, the district and talook treasuries of this province undertook to cash notes for the public of the values of 10 to 100 rupees; that all notes are now receivable in payment of Government revenue and are issueable when demanded, if in store.

Nos. 5, 6, and 7.—The meeting was unanimous in its approval of one universal note for all India, convertible at the Presidency towns and at the principal treasuries in the country. Such a note would be preferred to notes payable within separate circles only, the reason assigned being that the latter are comparatively useless beyond the limits of their respective circles.

No. 8.—A note of 5 rupees value would be very acceptable for small transactions, more especially if it was readily convertible into cash.

No. 9.—As to the probable extent of the circulation of such a note some doubts were expressed; but it might be considerable, judging from the experience of the local branch of the Madras bank, where it is found that notes of 10 rupees have a larger circulation numerically than those of higher denominations. The agent stated that the notes issued from the branch bank and outstanding at the present date were as follow :—

Rupees 10	2,752
„ 20	1,364
„ 50	712
„ 100	1,249
„ 500	7
„ 1,000	15

No. 10.—Notes are used chiefly for remittances and for traffic.

No. 11.—Notes are, in most cases, bought by soucars at a discount from the public.

No. 12.—They are bought up when likely to be in demand for remittances, either to the head quarters of circles or to other places.

No. 13.—The preference for notes or hoondees depends mainly on the exchange of the day. The hoondee is liked on account of the greater safety in transmission, but when a currency note is procurable on *better terms*, it is preferred not only on this account, but because it is often more readily negotiable.

Nos. 14 to 16.—Not put to the meeting.

No. 17.—The price of the gold mohur varies from 2 to 4 annas premium.

No. 18.—English sovereigns from 2 to 3 annas premium.

No. 19.—Australian sovereigns ¼ anna to 3 annas premium.

No. 20.—The above three coins are believed to bear a higher value in Bangalore than at Madras.

No. 21.—The reason alleged is, that gold jewellery is more largely made up in Mysore than at the Presidency, where precious stones are more generally used with less metal. The information on this point, however, is scarcely reliable.

No. 22.—The Natives are fond of gold—not being a circulating medium, gold is chiefly used for jewellery and hoarding.

No. 23.—They would like a Gold Currency of the values of 2½, 5, and 10 rupees.

No. 24.—Gold coins of the above values would be preferred for some reasons to notes of relative values. Gold coins are tangible, they are also portable, readily convertible, and not perishable. Notes, if readily convertible, would have the same advantages, with the further one of being easily transmitted by post, but being perishable they would not be liked for hoarding so much as gold.

No. 25.—Not put to the meeting.

No. 26.—Yes, in so far that gold could be more easily remitted than silver to a treasury needing specie.

No. 27.—The meeting was unanimous in opinion that a currency of gold, silver, and paper would be preferable to one of either silver alone, or of silver and paper.

No. 28.—Bar gold is not used as a circulating medium, but for jewellery, hoarding, and security for loans; its value is first tested.

Nos. 29 and 30.—No, there are none in circulation.

Nos. 31 and 32.—Native gold mohurs are generally sold at a premium as curiosities.

3.—As regards the existing facilities in this province for the conversion of notes and silver at the treasuries, I may explain that supplies of notes, chiefly of the values of Rs. 10 to Rs. 100, both of the Madras and the Bombay circles, are sent from the Commissioner's treasury to all the district and talook treasuries, for issue to parties requiring them, either in payment of demands or in exchange for cash. The treasuries are also directed, besides accepting notes of any value on account of revenue dues, to cash those of 10 to 100 rupees, provided that specie can be spared, after retaining funds for the requirements of the public service. With these reservations, the treasuries in all the talooks are required to cash notes, and the whole of the surplus specie of the districts is made available for the purpose during the season of revenue collections.

The object of presenting a limit as to value was to encourage the circulation of the smaller notes, on the assumption that they would be employed for minor transactions and circulate within the province, while notes of higher values would be used chiefly for remittances from other parts of India, for the purposes of trade, and that, if these were indiscriminately admitted, there might be an inconvenient demand on our treasuries for specie. It is probable that these limitations in Mysore, and the still closer restrictions observed in the Madras circles, however necessary under existing circumstances, have diminished the value of the notes to the trader, and tended to depreciate them in the estimation of the Native community generally. A note of one circle is comparatively useless in another, and can only be cashed at the head quarters of its own circle, and hence it is that, while the smaller notes obtain a local circulation partly on the ground of convenience and, in Mysore, their convertibility at all treasuries where specie is available, the larger notes are bought up by capitalists for purposes of traffic, generally at a discount, and either sold again at a profit, or remitted for realization to the head quarters of the issuing circle.

4.—In Mysore further accommodation might possibly be afforded by retaining at those district treasuries, where a demand for cashing notes exists after the revenue collection season, a portion of the surplus cash balance of the province; but the feasibility of such an arrangement would depend on the requirements of the Commissioner's treasury at head quarters, which have of late been exceptionally heavy.

5.—On the points referred to in queries 5 to 7 of the Circular, I would beg to remark that, if the plan of one universal note for all India, convertible at certain specified treasuries, were adopted, the Commissioner's treasury at Bangalore might advantageously be appointed for the purpose of cashing all notes, permission being given to maintain the present facilities at the district treasuries, or to extend them so far as circumstances might permit. The like course might be followed whether the special circles of issue be maintained as at present, or their number increased or diminished.

6.—So far as the convenience of the public is concerned, I incline to the opinion that an uniform note, convertible at certain specified treasuries all over India, would be preferable to special notes convertible within certain circles. The former would have a wider sphere of circulation, while the latter would be restricted, even though spare funds were available at a treasury adjoining, but not within the limits of the circle. The universal note would probably be employed more largely than the special for remittances; the demand on this account would be regulated, I apprehend, mainly by the requirements of trade, but the note which is negotiable in any district, would not necessarily be cashed at that to which it is sent, but would, in many cases, be used for remittance to another where the special note would be useless. The very restrictions on the latter afford probably an inducement for cashing it the moment it comes within its circle. The primary difficulty in the introduction of a general note is, I presume, the necessity which would ensue for keeping up large cash balances at the treasuries where notes are most likely to be presented, but this difficulty might, in a large measure, be mitigated, if, by giving a wider sphere to the currency of the note, it circulated with greater convenience to the public. The trade returns of the various districts would probably indicate the demand for remittances in which the notes would be employed, more especially in those localities where other means of sending remittances do not exist.

7.—With reference to question 14, I would observe that, in the event of notes being cashed at its treasuries to an inconvenient extent, the Mysore Government would naturally send them from Bangalore to Madras by railway to be exchanged for specie.

8.—Questions 15 and 16.—The Mysore Government was limited to 8 lakhs of rupees worth of Madras notes and 2 lakhs of Bombay notes per annum to be obtained for cash from those Presidencies, and within these limits supplies have been purchased from time to time. Owing to the facilities afforded at our treasuries, notes have, however, come into the province from other channels, and there has been no occasion to obtain supplies from the banks to the full extent permissible.

9.—It is not clear to my mind how a Gold Currency would help the establishment of a Paper Currency as suggested in question 25, except as forming a basis, on the security of which notes might be issued by the Currency Department.

10.—From what has been stated in paragraph 3 of this letter, I would submit that the Mysore Government has afforded very considerable aid in giving currency in this province to the notes of the Government of India, both of the Madras and the Bombay circles, which, until the year 1863, were unknown. The measures taken in the first instance for their issue, and more especially for cashing them, have fostered confidence in the notes as a medium for commercial transactions, while, on the other hand, the practice of receiving them in districts where they are tendered, and issuing them at others where they are wanted by the people, to the full extent of our means, has tended to keep a large amount of notes in circulation. Two statements of the receipts and issues of Madras and Bombay notes are annexed in illustration.

STATEMENT of Currency Notes (Madras) received and issued at the Treasuries under the control of the Mysore Government during 1864-65.

NAMES OF TREASURIES.	Balance, 1st May 1864.	RECEIVED. From Commissioner's or other Treasuries.	From the Public in payment of demands.	In exchange for cash.	From Talooks with remittances.	Total received.	Total, including Balance.	ISSUED. In payment of demands.	In exchange for cash.	To Talooks from the District Treasury.	To Districts from the Talook Treasuries.	Total Issued.	Balance. 30th April 1865.	REMARKS.
Commissioner's Treasury ...	1,73,490	5,86,400*	...	...	.....	5,86,400	7,59,890	...	1,70,470	...	3 29,040†	4,99,510	2,60,380	* From Madras, 3,00,000 " " Bank 81,620 " " districts, 2,05 380 5,86,400
NUNDIDROOG DIVISION. Bangalore District Treasury	23,620	35,200	9,490	980	3,630	49,300	72,920	1,410	21,600	25,850	...	48 860	24,060	
Talook Treasuries ...	5,850	25,850	2,390	15,930	.....	44,170	49,520	3,600	36,290	...	3,630	43,520	6,000	
Colar District Treasury ...	19,260	53,920	...	2,090	.....	56,010	75,270	38,070	25,830	...	...	63,900	11,370	
Talook Treasuries ...	3,600	28,050	8,460	2,430	.....	38,940	42,540	4,310	34,660	...	...	38,970	3,570	
Toomkoor District Treasury	8,430	51,000	710	6,420	.....	58,130	66,560	7,070	43,800	9,810	...	60,680	5,880	
Talook Treasuries ...	4,680	9,810	3,570	6,760	.....	20,140	24,820	150	22,450	...	...	22,600	2,220	
NUGGUR DIVISION. Shimoga District Treasury ...	38,650	79,970	...	33,710	.....	1,13,680	1,52,330	73,000	47,980	...	...	1,20,980	31 350	
Talook Treasuries ...	7,700	13,660	30,020	20,470	.....	64,150	71,850	24,780	40,770	...	...	65,550	6,300	
Cudoor District Treasury ...	1,32,870	54,200	670	91,360	.....	1,46,230	2,79,100	1,98,480	29,920	...	...	2,28,400	50,700	
Talook Treasuries ...	10,580	3,600	45,220	43,900	.....	92,720	1,03,300	36,470	54,730	...	...	91,200	12,100	
Chittledroog District Treasury	...	35,240	...	1,210	.....	36,450	36,450	12,400	17,820	...	...	30,220	6,230	
Talook Treasuries ...	4,240	12,400	880	2,680	.....	15,960	20,200	...	15,790	...	...	15,790	4,410	
ASHTAGRAM DIVISION. Mysore District Treasury ...	1,000	1,87,780	...	7,000	.....	1,94,780	1,95,780	...	1,84,830	8,450	...	1,93,280	2,500	
Talook Treasuries ...	3,050	9,890	4,250	22,730	.....	36,870	39,920	16,670	20,580	...	...	37,250	2,670	
Hassan District Treasury ...	17,240	6,000	6,320	1,27,900	.....	1,40,220	1,57,460	200	1,33,060	19,000	...	1,52,260	5,200	
Talook Treasuries ...	7,220	19,000	14,620	1,23,370	.....	1,56,990	1,64,210	10,970	1,51,420	...	...	1,62,390	1,820	
TOTAL ...	4,60,980	12,11,970	1,26,600	5,08,940	3,630	18,51,140	23,12,120	4,27,580	10,52,000	63,110	3,32,670	18,75,360	4,36,760	

MYSORE COMMISSIONER'S OFFICE;
AUDIT DEPARTMENT,
Bangalore, 13th March 1866.

(Signed) H. HUDSON,
Deputy Accountant General.

STATEMENT of Currency Notes (Bombay) received and issued at the Treasuries under the control of the Mysore Government during 1864-65.

	NAMES OF TREASURIES.	Balance, 1st May 1864.	Received: From Commissioner's or other Treasuries.	Received: From the Public in payment of demands.	Received: In exchange for cash.	Received: From Talooks with remittances.	Received: Total received.	Total, including Balance.	Issued: In payment of demands.	Issued: In exchange for cash.	Issued: To Talooks from the District Treasury.	Issued: To Districts from the Talook Treasuries.	Issued: Total issued.	Balance, 30th April 1865.	REMARKS.
	Commissioner's Treasury ...	81,020	1,02,040*	...	3,520	...	1,05,560	1,86,580	...	2,000	...	60,360†	62,360	1,24,220	* From Bombay and district treasuries.
NUNDIDROOG DIVISION.	Bangalore District Treasury ...	220	4,400	2,210	590	400	7,600	7,820	430	1,300	5,750	...	7,480	340	
	Talook Treasuries ...	...	5,750	20	380	...	6,150	6,150	1,050	4,060	...	400	5,510	640	† Issued to the districts from the Commissioner's treasury.
	Colar District Treasury ...	...	5,140	...	20	...	5,160	5,160	4,790	370	...	...	5,160	...	
	Talook Treasuries ...	...	2,770	1,240	210	...	4,220	4,220	1,830	2,330	...	...	4,160	60	
	Toomkoor District Treasury ...	...	...	10	...	...	10	10	...	...	...	...	...	10	
	Talook Treasuries ...	...	...	430	260	...	690	690	...	270	...	...	270	420	
NUGGUR DIVISION.	Shimoga District Treasury ...	10,650	10,600	...	5,620	...	16,220	26,870	...	1,620	10,750	...	26,770	100	
	Talook Treasuries ...	10	5,980	1,950	1,000	...	8,930	8,940	820	6,840	...	...	7,660	1,280	
	Cudoor District Treasury ...	9,510	1,210	...	760	...	1,970	11,480	3,940	7,300	...	...	11,240	240	
	Talook Treasuries ...	...	2,600	690	200	...	3,490	3,490	430	2,730	...	...	3,160	330	
	Chittledroog District Treasury	...	46,960	...	2,230	...	49,190	49,190	27,500	21,310	...	...	48,810	380	
	Talook Treasuries ...	1,430	27,500	980	3,330	...	31,810	33,240	...	28,560	...	...	28,560	4,680	
ASHTAGRAM DIVISION.	Mysore District Treasury ...	2,170	36,000	...	...	...	36,000	38,170	...	34,520	3,650	...	38,170	...	
	Talook Treasuries ...	20	2,150	310	490	...	2,950	2,970	550	2,110	...	...	2,660	310	
	Hassan District Treasury ...	...	...	...	1,610	...	1,610	1,610	...	1,610	...	...	1,610	...	
	Talook Treasuries ...	...	...	...	...	...	...	...	...	...	...	...	...	...	
	TOTAL ...	1,05,030	2,53,100	7,840	20,220	400	2,81,560	3,86,590	41,340	1,31,330	20,150	60,760	2,53,580	1,33,010	

MYSORE COMMISSIONER'S OFFICE;
ACCOUNT DEPARTMENT,
Bangalore, 13th March 1866.

(Signed) H. HUDSON,
Deputy Accountant General.

From the Commissioner of Chota Nagpore,—dated the 7th April 1868.

No. 1.—With reference to your Circular of the 16th February last, I have the honor to inform you that copies of the replies to the questions sent to you direct by the district officers have been submitted to me. You will find from these replies that the circulation of notes in this division is as yet very inconsiderable. They are used to some extent by the commercial classes, and as conveniences by travellers; but the agricultural classes and the zemindars make no use of them.

No. 2.—The main cause of this is, that the latter classes *hoard* their surplus money, and they would not like to have their hoardings represented by so perishable a material as paper. Indeed, as the hoardings are generally under ground, they could not use notes for the purpose. This shows that we are in a very backward state, and it is also a fact that the great mass of the people of this division like bulk as well as durability, and copper coin is thus buried to a very considerable amount.

No. 3.—The officers in charge of treasuries have, of course, readier access to the information necessary to reply to your questions than I have. I give, however, such as I have obtained from the Native merchants and traders of the place.

No. 4.—They inform me that notes readily circulate amongst the trading classes and often pass at par; but as the supply fluctuates, and their use is so limited, they give cash in exchange for them to private individuals at from 1 to 5 per cent. discount; but if private individuals require them, and there are none to be had in the treasury, they take a slight premium in exchanging them.

No. 5.—The facilities of exchange are not sufficient, the treasuries are not always well supplied with notes, and they are limited in their power to cash notes. The cash requirements of most of the districts are in excess of the local receipts. We could not, therefore, authorise an unreserved issue of cash in exchange for notes. The Collector must have a discretion in the matter, but it would give confidence sufficiently if he were ordered to cash all the notes of small value, and all notes, when there is no danger that in doing so he will too much reduce his cash balance. I think that, if this were made the universal rule, no difficulty would be experienced. It appears to me that the influx and efflux of notes have, in most of the treasuries, fairly kept pace, and that where this is not the case, it is not that the treasuries are overstocked, but the reverse. There appears to have been difficulty in obtaining notes of late. There are none just now in the Lohardugga Treasury, and notes in the bazar are at a premium.

No. 6.—I find the people most interested in the matter are all for one note. It is more consonant with their views that the Government of India should have but one note current throughout the empire. The number of head offices of issue should be increased, or sub-offices created by designating certain treasuries as offices of issue under all circumstances. We have here merchants whose homes are in Lahore, Benares, &c., and they complain of the inconvenience they experience from the existing system in sending or receiving remittances in notes.

No. 7.—Five-rupee notes are not wanted. I do not find any one in favor of them.

No. 8.—The merchants tell me that about one-eighth of their remittances are made in notes. Hoondees are still preferred, because duplicates, &c., can be obtained.

No. 9.—In most cases discount is exacted; but when the supply of notes in the treasury has run out, they will take them at par, and some times even at a premium.

No. 10.—The Hazareebaugh Treasury can, without difficulty, be replenished from Burdwan and Calcutta, as it is near the grand trunk road, and only 80 miles from a railway terminus, Burrakur. The other stations are rather remote from railroads and trunk roads. In the event of an office of issue being established in this division, it should be at Hazareebaugh.

No. 11.—It will be seen from the reports of the district officers that difficulty is some times experienced in replenishing their stock of notes. I do not know why the indents are not more promptly complied with.

No. 12.—There are no Government gold mohurs in circulation. I do not think I even saw one in the division. Sovereigns are procurable some times at Rs. 10, some times at Rs. 9-14. No difference between the Australian and English sovereigns is known. I should say, on the whole, they are not of higher value here than in the Presidency towns.

No. 13.—It is difficult to say what the predilection of the people for gold coins may be; they have scarcely been tried. They hoard silver and copper, not gold.

No. 14.—I am told that gold coins of Rs. 15, 10, and 5 in value would be very popular if issued as pure as the old Shahjehan's ashrufis; but at present the popular mind is impressed with the idea that there is more alloy in the coin minted by Government than is given out, and they do not like the hardness of the metal. This must be, because it is not so easily convertible into gold ornaments, which are not appreciated by Natives unless of almost 24 carat gold. If there was a large amount of gold in circulation, gold ornaments made from the coins would become fashionable, and some of the pressure on silver used for this purpose would be relieved. A great amount of gold would, in all probability, be hoarded in lieu of a proportionate quantity of silver that is now thus annually removed from circulation. There are zemindars in this country known to hoard, who prefer borrowing at high interest to breaking in on the hoards. The instalment of rent paid in the month of Assin is by many of them thus put by, whatever their immediate requirements may be.

No. 15.—Mahajuns tell me that they would appreciate a Gold Currency as a convenient form in which to keep their reserves of cash, and it would assist the outlying treasuries in providing the means of converting notes as being easier of transport.

No. 16.—The mahajuns and others I have addressed on the subject all say they would like a currency of Silver, Gold, and Paper, and do not apprehend any difficulty in establishing it, but they do not well understand the question.

No. 17.—They admit it would be a disadvantage if any limit was placed to the currency of silver, and that the great bulk of the people would feel uneasy if they found they could not, if they liked, get paid wholly in silver coin, but that this is owing to their having been so long accustomed to regard silver as the sole currency, and they believe the feeling would wear off as they grew accustomed to the gold.

No. 18.—There is no bar gold. Native gold mohurs are not much used; the Shahjehan and Jeypore ashrufis are the favorites, but they seldom realize more than their intrinsic value.

From the Commissioner of the Nuddea Division,—dated Calcutta, the 7th May 1866.

I have the honor to reply to your Circular of the 16th of February last, and in so doing shall be guided by the note to your 7th question. I propose to direct my report mainly to the different points as far as they affect the non-official population of my division, which consists of the 24-Pergunnahs, Nuddea, and Jessore districts, having Calcutta for their centre. I have consulted the collectors of the three districts, as well as several non-official gentlemen who reside in the interior, and who are largely engaged in commercial transactions. I reply to your questions in the order in which they stand.

Nos. 1 and 2.—Yes, there is no depreciation in value; a small fee is often charged for changing a note for silver; but this is a payment for accommodation; and, under the same circumstances, a fee is charged for changing a rupee into small coin.

Nos. 3 and 4.—The orders of the Government of Bengal and the Accountant General on this head are, I presume, before the Commission. Non-official gentlemen whom I have consulted bear testimony that the treasury officers give every facility of which these rules admit for converting notes into cash and cash into notes.

The Collector of Nuddea states that he is occasionally compelled to refuse to cash notes when heavy remittances are sent up to planters in that shape; and that this might be avoided if he were allowed to exercise some discretion in sending away cash from his treasury; whereas now he sends it away on receipt of instructions from the Accountant General. Assuming that the cash is not really required at the Presidency, I suppose that every arrangement which a Collector could make to remit his money to the Presidency in notes instead of cash would be a gain. On the other hand, the Collector of Jessore has, in this report and also verbally, complained to me that the Accountant General calls for a remittance of notes from his treasury the moment they are paid in in considerable number, as is the case on the quarter days of payment of land revenue. The Collector believes that if the Accountant General were less prompt, many of these notes would pass out into fair circulation. If so, I think that it is a mistake to call them in at once to the Presidency. This is recognized by the Supreme Government and the Government of Bengal in the correspondence noted in the margin.

Government of Bengal, to the Secretary in the Financial Department, No 4404, dated 28th December 1865.
Reply No. 1654, dated 5th April 1866.

Nos. 5, 6, and 7.—Confining my consideration of these questions to the side from which the Native population will look at it, I cannot doubt that one universal note for all India, convertible at every district treasury, would command more favor and meet with more confidence than could be attained by any other means. The Collectors of Nuddea and Jessore are strongly of opinion that the present limitation in the convertibility of the note is a source of misunderstanding and mistrust to the Natives. Lord Ulick Browne, the Collector of Nuddea, writes :—" I consider it (the present arrangement of circles) most inconvenient, and " calculated to retard the reception of a Paper Currency by the Natives as much as any " measure of Paper Currency supported by Government can possibly do. The great incon- " venience of a system of separate circles is a subject of well-grounded complaint among " travellers, and is regarded as a suspicious mystery by the Native population. It is beyond " question that, for some reason or other, the Paper Currency, though useful to a few, is " a great failure generally speaking, and I feel convinced that a system of circles is a " principal reason."

In his reply to the 7th question, a duplicate of which has, I presume, been forwarded to the Commission, Lord Ulick Browne discusses the question at length. He believes that such a rush of notes for encashment at one district treasury would not take place as to drain the treasury of cash, because it is very unlikely that notes to so high an amount would become concentrated in one district; and at any rate, if there were a tendency to such concentration, the district officers could not fail to be aware of it, and would be able to concentrate cash to meet the demand, especially as such an influx of notes is least likely to occur at a place with which communication is difficult. I believe with the Collector that such a concentration of notes in the *ordinary* course of circulation need not be apprehended; but I believe that, on the removal of all restrictions in the employment of notes for remittances in many districts, the requirements for the advances of planters and traders at certain seasons of the year, would clear out the treasuries over and over again. If the planters could be sure of getting cash on presentation of notes at the district treasury, enormous sums would be transmitted to them from Calcutta in the shape of notes. Although these demands for cash could be confidently foreseen, the reasons against systematically providing silver to meet them are obvious. Nor can I concur with Lord Ulick Browne that heavy demands for encashment are least likely to be made in districts with which communication is difficult. I suppose that the inducement to send notes to the planters in Assam for conversion at the treasury would be much greater than in the case of the planters in Nuddea, who would receive the cash by rail in three hours from Calcutta. Lord Ulick Browne then argues that even at the worst, the applicants for encashment would have either to wait a few days until the Collector procured cash elsewhere, or would have the alternative of sending their notes elsewhere for encashment, and that in neither case would the confidence of the people in the Paper Currency be in the slightest degree shaken.

I agree with the Collector that the fact of the cash in one particular district treasury running short would not in any way diminish the confidence of the Natives in the currency, certainly not in any district of this division, whatever may be the effect in remoter districts; the objection remains that it would not be practicable for the Government to send up supplies of cash to meet the demand which would systematically arise in many districts for encashment of notes at the season of advances.

The Collector concludes his reply to the 7th question as follows:—"Lastly, to encourage "a Paper Currency, Government must not, as they have done, throw obstacles in the way of "notes being used for remittances. The convenience of this tends to increase the circulation "of paper and the confidence of the Natives in it. Until civilization and trade increase to "such an extent that banks are extended everywhere, notes will always be used for remit-"tances, and in general, it is a mistake to check this, even though it may be some times "necessary to send cash to a treasury. If the apprehended disadvantages of an universal "note can be disposed of, it seems scarcely necessary to enlarge on the advantages of an "universal note that would be available every where from Peshawur to Cape Comorin; they have "been urged and admitted so often that they need not be repeated here." I do not think the Collector estimates the practical difficulties and objections sufficiently high. It cannot be desirable that the Government should constitute itself universal banker, at a considerable loss; if it do so, I suppose that a material check would be placed on the development of real banking business in the country. I think I may assume that the adoption of one universal note, convertible on demand at every district treasury, is impracticable. I would reject the first of the two expedients suggested in the 6th question, as being calculated to augment the evils complained against. The second expedient would probably be open to the objections noted above; that there would be regularly recurring enormous demands at the offices of sub-issue for cash in exchange for notes which had been received as remittances. On the whole, I concur in the Collector of Jessore's preference of a system, under which there shall be one universal note convertible on demand as of right at certain given treasuries, and convertible at every district treasury as a matter of favor to the holder, that is, the Collector should have power to receive the notes in exchange for cash, up to the point at which the cash of his treasury would fall below his requirements. This proviso would, I suppose, have the effect of checking any systematic remittance of large sums in notes, except after due enquiry from the Collector that cash would be available to meet them.

No. 8.—A 5-rupee note would be much appreciated, principally for making remittances of small earnings; some facility of making such remittances is a great desideratum. Of course the objection to making heavy commercial remittances in notes does not extend to those petty items.

No. 9.—On this point, the opinions are in direct opposition to one another. I suppose that a 5-rupee note would have the greater currency in course of time. I here mention a remark of the Collector of the 24-Pergunnahs, that one cause of the Natives preferring cash to notes, is the apprehension that the note may at some period of its existence have been stolen, and that its possession may subject the innocent holder to vexatious enquiry.

No. 10.—Yes.

No. 11.—Yes, but this is rather as a fee on the accommodation given by them as money changers, than as the equivalent of any depreciation in the value of the note.

Mr. Bertram, a sugar merchant of Chowgatchee, in Jessore, remarks that this varies with the time of the year. When the produce is coming into the market, and payments have to be made to the producer in small sums, notes are some times at a slight discount; at other times they are even at a premium. Mr. Macleod, of Kotchandpore, observes that the shroffs exact discount in changing cash for notes, as well as the other way.

No. 12.—This is done at Alipore, which is the head quarter of the 24-Pergunnahs, and within three miles of the Bank of Bengal; the practice does not extend into the outlying districts.

No. 13.—The opinions are directly conflicting and equally balanced.

No. 14.—All collectors of this division would be readily re-inforced from the Bank of Bengal.

Nos. 15 and 16.—The Collector of Jessore replies that he has been unable to meet such demands; his indents for notes have been refused by the Accountant General on the ground that, from the fact of large number of notes of high value being applied for, it was evident that the notes were made use of for the purpose of remittances; this should be checked. *Vide* also my reply to questions 3 and 4.

	24-Pergunnahs.				Nuddea.		Jessore.		
	Rs.	As.	Rs.	As.	Rs.	As.	Rs.	Rs.	As.
No. 17	14	12			15	1	15 to	15	8
No. 18	10	4 to	10	14	10	3		10	4
No. 19	10				10	1		10	3

Nos. 20 and 21.—Opinions are divided. If the price be higher in the Mofussil, it is because these coins offer facilities for hoarding.

No. 22.—The general reply is, that they are sought after for both purposes. But Mr. Sibbald, of Nundunpore, in Nuddea, a gentleman who has an intimate knowledge of the Natives, writes:—"I believe the sight of gold carries with it a charm, and that it would be much "approved of by the people for circulation. The fondness of gold for the purpose of hoarding has "very greatly decreased of late years, owing to the scope which is now given for the employ-"ment of money, to the facilities which are afforded for obtaining good interest on firm "security, and the comparative ease with which claims are recoverable through the Courts. I "believe such cases are now confined to a few stray coins, now and then hoarded by the "females in some families." Mr. Sibbald's testimony is in accordance with the natural results which may be expected from the general progress which is now taking place.

No. 23.—The general reply is decidedly in the affirmative. The Collector of Nuddea observes that when English sovereigns were procurable in Nuddea, there was a demand for them.

No. 24.—The answers are conflicting. I have no doubt that the gold coins would be preferred.

No. 25.—Probably.

No. 26.—In so far that gold could be more easily transmitted from one treasury to another than silver.

No. 27.—All three.

No. 28.—Very little bar gold is seen. It is tested by the color it leaves when rubbed on *kussowtee* stone.

No. 29.—No.

Nos. 30, 31, and 32.—The mohurs which are known in this division are Akbar Shah Alum or Badshahee; old English mohur, worth Rs. 16-4, new English mohur, Rs. 15-1, and the Ramchandree. To these Mr. Macleod, Kotchandpore, adds—

Charcaree.	Jeypore.
Gajeeree.	Sarbonee.
Kurimkasy.	Singhasun, Banarassie.

Of these I know nothing. The mohurs pass for their intrinsic value, and some times for more than their intrinsic value, but this is only on account of their being considered lucky.

From the Commissioner in Sind,—dated the 17th April 1866.

I have the honor to acknowledge receipt of your printed Circular dated 16th February last, requesting information on the working of Act XIX of 1861 in this province, and to forward replies to the several questions therein contained.

No. 1.—Yes.

No. 2.—There is no depreciation when the notes are used in the purchase or sale of goods; it is only when they are cashed by shroffs that a small discount of 4 annas per cent. is charged.

No. 3.—The facilities for exchanging silver for notes are restricted by Government resolution, No. 419, dated 8th May 1865, to cases of travellers, who may wish to be accommodated with silver in exchange for notes. There is no restriction on the exchange of notes for silver.

No. 4.—The facilities are not sufficient, and the only means of extending them, without putting Government to undue expense, in the way of providing silver to be exchanged for notes, appears to be to vest treasury officers with authority to cash notes to the extent that they may be able to issue them. For instance, say that a treasury has been provided with Rs. 10,000 worth of notes, and that a portion or the whole have been issued; the officer in charge should be directed to cash notes to the extent of his issues, whether the notes presented to be cashed shall have been issued by him or not, provided that they belong to the circle within which the treasury is situated. By this method the public will furnish the silver in the first instance, and the silver so obtained will be used in cashing notes; should more notes be presented for payment than there is silver to meet them, they must be refused, if not, the treasury may be flooded by notes at a time when it may have to meet its own liabilities in coin, and when its notes would be temporarily inconvertible. But it should be made compulsory on each treasury officer to keep a certain supply of notes on hand to meet possible demands, and to offer the notes for acceptance without forcing them on the public, otherwise the extension of the note circulation in the province will be retarded.

No. 5.—Yes, to a limited extent; but the number of circles might be reduced if provision could be made by the establishment of sub-offices of issue, or in any other way at certain centres of trade for the exchange of notes for silver and silver for notes. Thus the Bombay, Sind, and Punjab circles might be thrown into one with one note common to the three districts, and sub-offices of issue opened in the first instance at Lahore, Umritsur, Ferozepore, or Mooltan, Sukkur, Kurrachee, Ahmedabad, Broach, Dharwar, Indore, Candeish, and Sholapore, where silver might be obtained for notes, or notes for silver. The great difficulty in the way of any scheme, having for its object the popularisation of the Paper Currency, is apparently so to apportion the reserve of cash to be held at the sub-offices of issue that no excessive amount shall be retained in hand, and that the cost of transit may be reduced to a minimum. The proper reserve to be held at each place cannot be determined but by experience, and, during the experiment, Government would have to bear the cost of providing coin to meet the balance

of trade at each of the localities above indicated, or until the Native population had become so thoroughly assured of the convertibility of the notes on demand that they would cease to present them for payment, except in small parcels. It cannot be disguised that amongst the rural population and the inhabitants of land towns, which are not adjacent to an office of issue, the notes are regarded with an under-current of suspicion, which will never become eradicated until the notes are readily convertible, or the progress of time and education causes a more enlightened generation to take the place of the present.

No. 6.—An increase in the number of circles would be advantageous only when it had been determined, on the score of expense, not to open sub-offices of issue. The principal drawback to numerous circles is the confusion which separate notes of many different circles would be apt to generate in the Native mind. But the expense of establishing them might probably be comparatively less than if sub-offices of issue were opened. At the same time, the progress of the note circulation in the confidence of the masses would be proportionately slower, inasmuch as the popularity of a note in India may be assumed to be in direct ratio to the extent of the circle within which it is convertible.

No. 7.—One circle embracing all India is eminently desirable, if the field be not considered too large. But the project does not seem to be practicable at present, or until our means of communication have been greatly improved. The inland treasuries at which the notes would be payable, if one circle only were established, should be at first not far from a line of railway, in order that the expense of distributing the reserve of coin might be reduced to a minimum. But with only one circle, the expense of providing coin to meet the balance of trade between any two places in India would be thrown upon Government. Thus Bombay might owe Berar a crore of rupees for cotton after deducting Berar's debt for piece goods; this sum, if there were an office of issue in Berar, would be remitted from Bombay in notes, and a large proportion would probably be cashed for at least many years to come. This encashment would entail a large annual expense on Government, but the object which Government seek to attain, *viz.*, the introduction of the notes into general confidence, would be secured much more quickly; of course, it is another question whether it be worth while to secure now, at a vast outlay, what is morally certain to be attained without the expense by effluxion of time. The only alternative plan to Government circles and agency appears to be that which has been persistently urged upon public attention in England by the later school of financiers, which is briefly to permit any bank or company to issue notes on the security of a certain investment in the Government funds, it being assumed that each bank or company would, for its own safety, retain a sufficient reserve in coin to meet its liabilities. But this plan cannot be recommended for India, inasmuch as nothing of the kind, *i. e.*, notes, which did not possess a visible Government guarantee, would be accepted by the people.

No. 8.—Yes, for this reason, that the Paper Currency, as it exists at present, already possesses the confidence of the larger capitalists at the Presidency towns, whereas we have still to secure that of a host of petty traders, mechanics, agriculturists, and others, to whom a 5-rupee note would be useful. It would be worth while trying as an experiment which may, or may not, be continued as experience might suggest. In any case nothing would be lost, and something might be gained.

No. 9.—Yes, judging by the issues of the 10-rupee notes.

No. 10.—Yes, to places where they can be cashed at an office of issue.

No. 11.—Yes, when notes are simply cashed. If offered in exchange for hoondees, or in payment of a demand, discount is not charged.

No. 12.—Not altogether. If they can re-issue at par the notes bought at a discount, they do so. If not within a reasonable time, they cash them at the office of issue to realise their gains.

No. 13.—Yes, when the exchange is against remitting by hoondees payable at the town where the office of issue may be situate. Thus in 1865, when the balance of trade between Kurrachee and Bombay was against Kurrachee, and consequently hoondees were sold at a high premium, 14 lakhs of rupees were remitted in notes. Many of the same notes were afterwards remitted back to Kurrachee.

No. 14.—None, application would have to be made to Bombay, and that by sea. Mail steamers run every fortnight, and lately there have been many intermediate steamers.

No. 15.—No.

No. 16.—None necessary.

No. 17.—Rs. 14-8 to Rs. 15.

No. 18.—The average value of the English sovereign is from Rs. 10-1 to Rs. 10-6 according to supply and demand.

No. 19.—The average value of the Australian sovereign is from 1 to 2 annas more than the English.

No. 20.—The coins above mentioned always bear a higher value in Mofussil bazars than in the Presidency towns, where the Natives buy them up to send them into the interior.

No. 21.—This is because gold in any shape is the most convenient mode of treasure remittance, and is therefore in favor.

No. 22.—The people are decidedly fond of gold, not for circulation, but for the purpose of hoarding and manufacturing jewellery.

No. 23.—Most certainly.

No. 24.—Gold coins of 15, 10, and 5 rupees are sure to find more favor in the eyes of Natives than notes of equal value, because one is real, the other representative; and when it rests with a Native to elect between the two, it is very easy to say which will be his choice.

No. 25.—Doubtful. Scarcely to any greater perceptible extent than silver.

No. 26.—To a certain extent, yes, inasmuch as a larger amount of coin might be held in a lesser compass with more security. But the transactions of outlying treasuries are principally carried on in silver on account of its readier sub-division into small sums. Gold pieces of 5 and 10 rupees, however, would speedily supersede the free use of silver.

No. 27.—It is thought that the large shroffs would prefer a Silver, Gold, and Paper Currency together, though, if an universal Paper Currency were fairly established, the circulation of silver would, in a great measure, be confined to the poorer classes of the community.

No. 28.—A considerable quantity of gold is received from Bombay, but it does not circulate; it is bought and sold like any other commodity, and imported by dealers in the metal for transmission to the Mofussil, and to be manufactured into ornaments. Leaf gold from China, bearing five stamps, is considered the best of that class or description of metal. Gold when imported by a bank usually bears that bank's stamp or initials. The Natives here do not understand the process of assaying, and the only means they have of testing the purity of gold is the touch-stone. They, however, depend a great deal upon the name of the importer and the marks stamped on the bar.

No. 29.—Native gold mohurs are much used by Puttans, when the Kafilahs arrive and depart, and by Cutchees.

Nos. 30 and 31.—The names of these coins in commonest circulation here are as follows :—

	Bazar Value. Rs.	A.	P.
Shereshahee	14	14	0
Enahd Shahee from Khorasan	4	10	0
Tilla, from Bokhara	6	6	0
Borlah, from Arabia	4	10	6

The rates, however, are variable according to demand and supply; some times these are above the intrinsic value of the coins. For instance, the old gold mohur, bearing the signs of the zodiac, fetches more than double its intrinsic value if the set of twelve is complete. The *Seeteranee* mohur is the most valuable on account of its purity.

No. 32.—They do bear an artificial value according to denomination, their origin, and the state of the market; the oldest coins, as a rule, fetching the highest price.

2.—Having disposed of the Commission's queries, I would take the liberty of urging, in the absence of any question on the subject, and if an universal note is not introduced, that some measures should be adopted for the re-issue of notes, to make the Paper Currency a more desirable and perfectly serviceable mode of remittance. Thus, if notes are sent to Bombay from the Sind circle, means have probably to be sent down to secure their encashment; while if the same notes were re-issued in Bombay, where very often a large demand for Sind paper exists, the necessity of making specie remittances would be avoided. This would not only be a great saving to Government, but, as before alluded to, add largely to the facility afforded in making remittances from Kurrachee to the Presidency.

3.—In concluding my observations, I may mention that my opinions have been arrived at after consulting the Chamber of Commerce, Kurrachee, and Mr. Wells, Assistant Deputy Commissioner, Paper Currency, whose views on the subject are quite in accordance with my own.

From the Commissioner of the Soonderbuns,—dated the 6th March 1866.

I have the honor to acknowledge the receipt, yesterday, of your Circular dated the 16th ultimo, and to submit the following replies to such of the questions contained in it, regarding which I have any experience. The greater number of questions I am unable to answer, because the revenue of the Soonderbun mehals are paid into the Collectorates of the 24-Pergunnahs, Jessore, and Backergunge, and very little beyond the amount necessary to meet the expenses of my establishment is kept in my office, so that I have no monetary transactions with the public.

No. 1.—They are as regards receipts and payments of money due, or as price of articles purchased, but they are subject to discount or premium according as silver is sought in exchange for the note, or the note in exchange for silver.

No. 2.—The average rate of discount or premium is 1 per cent., so that, on the whole, the value remains unaltered.

Nos. 8 and 9.—Yes; for although it is equally convenient to carry a note of 5 rupees, or 5 rupees in silver, yet, as a means of sending small amounts by letter post, the 5-rupee note would have a very extensive circulation, especially among the poorer classes of Natives.

No. 10.—I do not think so. Hoondees are generally used as a means of remittance for any large amount, because of their greater security. The Native community have little faith in the postal department, particularly where the line of communication does not run through large and populous towns, otherwise preference would be given to Government currency notes. It is a fact that letters are sent bearing, and addressed in English, in the greater expectation of their reaching their destination.

No. 11.—Always; and this is true even in Calcutta, where the rate of discount is generally 2 annas per cent; but on a close holiday, the shroffs not unfrequently demand a much higher rate.

No. 18.—Hoondees are preferred.

No. 22.—Gold coin has little circulation for monetary transactions, but the Natives are fond both of hoarding gold coin as well as of converting the coin into jewellery.

No. 23.—I have no doubt they would.

No. 24.—The Gold Currency would be preferred.

No. 25.—I think not. With a Gold Currency there would be a less demand for Paper Currency.

From the Officiating Commissioner of the Tenasserim Division of British Burmah,—dated the 10th April 1866.

I have the honor, in advertence to your Circular letter of the 16th February last, regarding the working of Act No. XIX of 1861, "to provide for a Government Paper Currency," to append a list of answers to the several questions therein asked.

No. 1.—No.

No. 2.—The Natives do not understand them.

No. 3.—Notes are only received in payment of Government dues.

No. 4.—Government currency notes should be received and exchanged at all treasuries.

No. 5.—No.

No. 6.—No.

No. 7.—Yes, and make it a legal tender. The present arrangement of circles is inconvenient.

No. 8.—A 2-rupee note would be useful in making small remittances.

No. 9.—I think so.

No. 10.—Not at all here.

No. 11.—Not in all cases.

No. 12.—No.

No. 13.—Not now, but as they gained confidence in them, they would do so.

No. 14.—No rails or roads here; steamers keep up the communication; the officer at Moulmein would apply to the treasury at Rangoon.

No. 15.—No indents have been sent.

No. 17.—There are no gold mohurs in the bazar.

No. 18.—From Rs. 10-4 to Rs. 10-8 for limited quantities.

No. 19.—About Rs. 10. It is not appreciated.

No. 20.—I think not.

No. 21.—Gold can be purchased in the Mofussil at a cheaper rate.

No. 22.—Only for the purpose of making jewellery, for which the English sovereign is preferred.

Nos. 23 and 24.—I think generally they would.

No. 25.—Yes, I think so.

No. 26.—I think it would gradually.

No. 27.—They would prefer all three.

No. 28.—No, not at all, leaf gold does (Chinese); the only security for which is the shop of the issuer.

No. 29.—No, not at all.

From the Commissioner of Umballa Division,—dated the 22nd March 1866.

In reply to the Circular of the Secretary to the Currency Commission of the 16th ultimo, regarding paper and other currencies, I have the honor to forward, in original, replies of the Deputy Commissioners of this Division, as noted in the margin, on the subject.

From Deputy Commissioner, Umballa.
Ditto, Loodiana.

Answers to Questions contained in Mr. Onslow's Circular of 16th February 1866, forwarded to Deputy Commissioner, Loodiana, with Commissioner's Circular, No. 17 of 27th idem (received on 5th March).

Questions.	Opinions of a committee of Native shroffs and mahajuns, including the Treasurer of Loodiana Civil Treasury, assembled at Loodiana on the 7th March 1866.	Deputy Commissioner's opinion
No. 1.—Are Government currency notes readily received and paid away by the Native community at their full value in private monetary transactions?	No.	I agree.
No. 2.—If not, what is the reason for their depreciation, and what is the average rate at which they are discounted?	Average rate of discount varies from 4 as. to 8 as. per Rs. 100. But on notes of small value, it is usual to charge 1 anna discount on each note	Correct.
	The reason is that, when these notes are sent to the head quarters of the circle to be cashed, the bankers have to register the letter in which they are sent, besides having to pay postage.	This reason appears to be a most stupid one. I believe the real reason to be that the bankers and shop-keepers are glad of any excuse for making a little money by charging discount.
No. 3.—What facilities are afforded by officers in charge of Government treasuries for the exchange of currency notes for silver and silver for notes?	Notes are received readily at the treasury either in payment of revenue or in exchange for supply bills. Travellers are always accommodated with cash in exchange for notes, and small notes are often cashed to oblige private individuals. Notes are always given for silver on demand.	True.
No. 4.—Are these facilities sufficient; if not, what means can you suggest for increasing them?	These facilities are sufficient.	No, I do not think they are, although, of course, it would not do to allow cash to be *demanded* in exchange for a note. I would advise, at all events, for a year or two, that the notes of the value of Rs. 100 and under should be always cashed at every treasury as far as it is possible to do so. The Accountant General might give orders monthly, permitting notes to be cashed up to a certain amount. If once the people felt confident that they could get their money immediately by asking for it at the treasury, they would not care to ask for it.
No. 5.—Do you consider the present arrangement of circles, with a separate note for each circle, well calculated to promote the reception of a Paper Currency by the Native population, and would you retain it?	No.	I agree
No. 6.—If not, would you propose to increase the number of circles (still retaining the plan of a separate note for each circle), and if so, to what extent? Or, keeping the present number of main circles, would you establish offices of sub-issue at the chief local treasuries within each circle, where the note should be convertible on demand as at the head office of issue of the circle?	Object strongly to circles being increased in number.	I agree.

Questions.	Opinions of a committee of Native shroffs and mahajuns, including the Treasurer of Loodiana Civil Treasury assembled at Loodiana on the 7th March 1866.	Deputy Commissioner's opinion.
No. 7.—Or would you prefer the plan of having one universal note for all India, to be convertible only at the Presidency towns, and at certain specified treasuries? Or is there any other plan you would recommend? *N. B.*—In replying to these last three questions, please to state fully the grounds on which you give a preference to one plan rather than to the others, specially with reference to the important object of establishing a Paper Currency in the confidence and liking of the Natives.	Would prefer one universal note for all India, convertible at the Presidency towns and at certain specified treasuries, provided those treasuries were sufficient in number. Consider that there should be one treasury in each commissioner's division, where the notes can be cashed on demand. At all events, the greater the number of such treasuries the better.	I agree.
No. 8.—Would you propose a note of the value of 5 rupees, and if so, on what grounds?	No.	I am of opinion that the people generally would like a 5-rupee note. The truth is that the bankers use notes almost entirely as hoondees, and therefore do not care for those of small value.
No. 9.—Are you of opinion that the 5-rupee note would have a larger currency than notes of a greater value?	No.	Yes.
No. 10.—Are notes used much by the shroffs and Native bankers for purposes of remittances?	Yes, very much. They send them chiefly to Lahore or Calcutta; mostly to the latter city.	I agree.
No. 11.—Is it the practice of the shroffs and Native bankers to exact discount in all cases of cashing notes?	Yes, but the discount seldom exceeds 8 annas per Rs. 100.	I agree.
No. 12.—Do the shroffs and Native bankers buy up the notes at a discount for the purpose of sending them to the head quarters of circles for encashment?	Yes, to a great extent. But whenever they can, they dispose of them by getting them paid into the treasury of their own district as revenue or for supply bills.	I agree.
No. 13.—Do the shroffs and Native bankers prefer the note to hoondees for purpose of remittance?	They prefer notes if they wish to remit to the head quarters of circle.	I agree.
No. 14.—If your silver reserve runs very low, owing to a large number of currency notes being presented for cash, what facilities by rail or roads have you for reinforcing the reserve, and to what department or treasury would you first apply?	Nil.	We should apply to Umballa or Delhi, to which places there is a good metalled road.
No. 15.—Has your treasury been unable to meet the public demand for Paper Currency in consequence of your indents for notes not having been complied with?	Nil.	Last year, indents for Rs. 500 and 1,000 were not complied with. Application for them to be used as hoondees were very numerous.
No. 16.—If so, what reasons have been assigned for the refusal to comply with your indents?	Nil.	No reason assigned.
No. 17.—What average value does the Government gold mohur bear in the bazars in your neighbourhood?	The value of the Government gold mohur is Rs. 15-1.	Correct.
No. 18.—What average value does the English sovereign bear in the bazars in your neighbourhood?	The English sovereign sells for Rs. 10-5.	True.
No. 19.—What average value does the Australian sovereign bear in the bazars in your neighbourhood?	The Australian sovereign for Rs. 10-5-6.	True. I am told that the English sovereign is alloyed with copper, and the Australian one with silver; this is why the latter is more valuable, so the Natives say.
No. 20.—Do you think that the coins above mentioned generally bear a higher value in Mofussil bazars than in the Presidency towns?	Yes, certainly.	True.

Questions.	Opinions of a committee of Native shroffs and mahajuns, including the Treasurer of Loodiana Civil Treasury assembled at Loodiana on the 7th March 1866.	Deputy Commissioner's opinion.
No 21.—If so, what is the cause?	Because they have to bear the carriage from Calcutta or Bombay.	True.
No 22.—Are the people fond of gold for the purposes of hoarding and circulation?	Yes.	Yes.
No. 23.—Would the Natives like a Gold Currency?	Yes.	Yes.
No 24.—Are gold coins of Rs 15, 10, and 5 likely to find more favor in their eyes than notes of like value?	Yes.	Yes, most certainly, if the English were turned out of India, or the Government become bankrupt. Gold is gold, and paper is only paper.
No. 25.—Would a Gold Currency help the establishment of a Paper Currency, gold being held as a reserve by traders and others, and the notes passing from hand to hand for circulation when people become accustomed to them?	Yes.	They say yes, but I think they do not understand the question. I cannot myself see how it would do so.
No 26.—Would a Gold Currency assist the outlying treasuries in ensuring the convertibility of the notes?	Yes.	If I understand the question rightly, I think it would do so only so far as it facilitated the carriages of coin from one treasury to another.
No. 27.—What is the opinion of large shroffs and dealers on currency? Do they prefer a Silver Currency alone, or silver and paper as it at present exists, or silver, gold, and paper?	Prefer silver, gold, *and* paper.	Yes, certainly.
No. 28.—Does bar gold circulate in your neighbourhood; if so, how is its purity ensured?	Not as coin It is sold for making ornaments.	It is said to be marked with an English or China mark which ensures its purity.
No 29.—Are Native gold mohurs much used by Natives as means of currency in your neighbourhood?	Very little.	True.
No. 30.—State the names of gold mohurs?	Jeypore—value, Rs 16 Rajashahee (Putiala), Rs. 14-12. Old milled, Rs 19-8.	Correct.
No. 31.—Do they pass for intrinsic value?	No, that is, they are worth more than their mere weight in gold.	Correct.
No. 32.—Or do they bear any artificial value according to their respective denominations, or as proceeding from certain Native States?	They bear an artificial value according to their denomination. But this value fluctuates according to the value of gold.	Correct.

From the Commissioner and Superintendent, Umritsur Division,—dated the 15*th March* 1866.

I beg to enclose herewith replies to the printed paper of questions forwarded by you, obtained from the mercantile community and treasury officer of Umritsur, after a careful explanation and discussion of the subject at a public meeting presided over by Captain Gordon, Assistant Commissioner.

Replies from the more agricultural districts have not yet been received, but will be forwarded shortly.

The establishment of offices of sub-issue within the present main circles, where the note may be convertible, appears to meet the wishes of the mercantile community here, and will probably be the most convenient arrangement for the present. 5-rupee notes would be an useful circulating medium.

A Gold Currency would, in my opinion, be highly advantageous; but it must, of course, be made penal to melt it down or deface it.

Under these restrictions, even though gold is sought for hoarding in the first instance, yet much of it will continually find its way into circulation in the same manner as gold ornaments are perpetually being put in pawn to realize cash, but much more readily, conveniently and cheaply to the holder.

I cannot but think too that Gold Currency, by largely increasing the amount of the precious metals in circulation, would tend greatly to assist and facilitate the circulation and convertibility of notes, and from its being much more easily transported than silver, would also assist outlying treasuries in ensuring the convertibility of notes.

The great desideratum, of course, is to make the convertibility of notes *certain* and not *discretional*. For this end I believe a bold measure best adapted, and would not leave a discretionary power in the hands of treasury officers, beyond the option of requiring a certain number of days' grace. Large sums of cash would seldom be required, except in places where facilities exist for supplementing the cash in hand from other treasuries, and, with very few exceptions, the notes might be made convertible at every treasury.

Notice of large requirements of cash at any particular treasury might be required from the holder of notes to the Currency Commissioner or Deputy Commissioner at a moderate time before presentation.

Possibly one or two instances might occur in which the State would be put to some expense; but I believe that the State guarantee of certain convertibility of its notes will at once bring them into full circulation, and by bringing them into demand, prevent the inconvenience that is dreaded; and if it be intended really to relieve the currency of the country, the amount of notes must be very largely increased.

No. 1.—Currency notes as yet have not begun to circulate *really* amongst the people, and on *some* occasions do not pass for their full value.

No. 2.—As with the exception of the Treasury at Lahore, the notes are nowhere convertible into cash, hence whenever the owner of a note wants to dispose of it, he is obliged to do so at a loss or discount of half an anna or an anna per cent., and *vice versâ*; any one having particular request for a note, will have to pay half an anna or an anna per cent *premium*.

No. 3.—Under instructions from the Accountant General, Punjab, notes are cashed to a limited extent, and for small sums as an accommodation to private parties or travellers at the *discretion of treasury* officers.

No. 4.—These facilities are in one way sufficient, as the treasury is not always in a condition to meet demands made upon it, supposing the exchange of notes for silver, and *vice versâ*, was *made without* reserve.

No. 5.—The present existing arrangement of circles is good and should remain.

No. 6.—The present number of circles should remain, and subordinate offices at *certain fixed* treasuries where notes could be convertible into cash should be established, for instance, in the Punjab, at *Lahore, Umritsur, Delhi, Mooltan, Peshawur;* at the above-mentioned treasuries, Lahore circle notes should be convertible into cash; this will secure free circulation of currency notes, and will be a convenience to the mercantile community.

No. 7.—There would be no advantage in having an universal note for all India, as any one obtaining a note, for instance, at Umritsur, could realize the equivalent at Calcutta, Bombay, and Benares, &c.; and supposing there had been any fraud in the transaction, or if it became necessary to trace the note, it would be impossible to do so owing to the distance and number of treasuries it might pass through. Whereas, with special circles for notes, the note-holder would have to convert his note into cash within the circle; hence, if necessary, notes would be easier to trace; *secondly*, owing to extent of circulation of notes, there would be greater danger of loss or injury of note in transit; *thirdly*, by introduction of a general note, the business of hoondee transactions would be impeded.

No. 8.—5-rupee currency notes might be established. There would be no inconvenience therein.

No. 9.—5-rupee notes would be useful in the *villages*; but there would not be an extensive circulation in *mercantile* transactions (*i. e.*, amongst traders). Notes from 5 rupees to 1,000 rupees recommended for the benefit of merchants.

No. 10.—Shroffs and bankers are *not* in the *habit* of using currency notes for purpose of remittance, because the notes could not be converted into cash at the places they were *remitted* to.

No. 11.—This question answered under reply to question 2.

No. 12.—Yes; parties do buy up notes at a discount, and send them to the head quarters of the circle, *viz.*, Lahore, for encashment.

No. 13.—Currency notes are *not* preferred to hoondees for purposes of remittance; for if a hoondee be lost or transferred, the "peinth" or advice can be recovered; if a note goes, there is no hope of recovery.

No. 14.—Umritsur and Lahore being connected by railway, arrangements for the supply of notes or silver are easily made by application to the Accountant General, Punjab.

No. 15.—*Once only* an indent for notes was returned, but still the treasury has not been unable to meet the demand made upon it.

No. 16.—The reason assigned was simply that the quantity indented for was excessive, and that it was not considered to be within the scope of the currency scheme to employ notes largely in this way, and thus interfere with the operation of native shroffs and money dealers, who are engaged in the sale of bills.

No. 17.—The average value of Government gold mohurs hereabouts is Rs. 15, it some times ranges 1 or 2 annas *above* or *below* this rate.

No. 18.—The average value of the English sovereign is Rs. 10 and ranges to 2 and 3 annas premium: English sovereigns *never* are *below* par.

No. 19.—Australian sovereigns are worth generally 1 anna each *more* than the English sovereign.

No. 20.—The rates of the above coins depend mainly upon the *demand* for them. There is generally a difference of a quarter of an anna more or less in the Mofussil than in the large cities. Coins are extensively used in the large cities, but not so much in the provinces.

No. 21.—Dealers take the coins for sake of profit from the larger cities into the provinces, with the hope of getting a quarter or half anna profit on the transaction. Until they sell them they add interest; but some times being unable to sell at a premium, they are obliged to be satisfied with the value at par.

No. 22.—For the purposes of *hoarding*, people are fond of gold, whether coined or not coined.

No. 23.—Merchants and dealers would not like a Gold Currency so well as a Silver and Note Currency, for this reason, that the value of the coins would depend on the existing rate in the market of gold. Dealers send for or bring gold coins from Calcutta, Bombay, Benares, &c., and sell them according to the prevailing market rates of gold. Gold coins are an article of commerce; their value dependent on supply and demand if they became *current*; they would cease to be of use in commercial speculations.

No. 24.—The mercantile community and dealers of cities would *prefer* notes of like value to gold coins of 15, 10, and 5 rupees: on the other hand, the *agricultural* community would prefer the gold coins above mentioned to similar notes.

No. 25.—A Gold Currency would not help the establishment and efficiency of a Paper Currency. It would rather impede it, owing to the preference for gold coins which the agricultural classes would entertain.

No. 26.—A Gold Currency would, of course, assist outlying treasuries in ensuring convertibility of notes, but the mercantile community do not like this kind of currency (*i. e.* gold).

No. 27.—Shroffs and dealers prefer, for the purposes of *currency, first and foremost,* rupees; next in grade of preference, currency notes *on condition that* they be convertible at certain fixed treasuries.

Note.—Gold is not mentioned as desired as a currency.

No. 28.—Bar gold (*i. e.*, uncoined gold) varies in its value; but good pure gold averages in value 17 rupees per tolah. To ascertain its purity, it is assayed in the fire and on the gold stone.

Note.—It would appear that the Committee are not of opinion that bar gold has any circulation in commercial transactions. This question has been generally replied to; but at the meeting convened, the idea of its circulation was at once negatived.

No. 29.—Native gold mohurs are not at all used now as a means of currency here. The people buy them according to the market rate prevailing, and make them up into ornaments for wearing, or they are purchased for the sake of hoarding wealth.

No 30.—The following are the names of gold mohurs obtainable hereabouts:—*The old mohur coin; the new mohur coin; the Jeypore mohur; the Government of India mohur coin; Mohamed Shah's mohur; Boodki,* a Russian coin with five lines of engraving thereon; *Boodki,* a Russian coin with four lines of engraving thereon; *Tillas* of *Bokhara; Asharfis,* 6½ mashes of Russia; *Nanuck Shahi Asharfis.*

Note.—The word asharfi is used generally for mohurs.

No. 31.—The price of each gold coin is some thing above its intrinsic value (*i. e.*, above the value of the gold). The price of these coins depends on the prevailing market rates over and above "nominal value."

No. 32.—The coins bear a value according to their respective *denominations,* and there is a fixed *nominal* value for each coin—their value in the market ranging 2 or 4 annas above or below par.

ANSWERS

FROM

MANAGERS OF BANKS.

From the Manager of the Branch Bank of Bombay, Ajmere.

No. 1.—Very few notes are current in the bazar, and they are never used by the Native community in their private monetary transactions, unless, indeed, they are bought by parties who wish to remit them as drafts, in which case their value is very much regulated by the rate of exchange for drafts in the Presidency towns at the time. But even as drafts few of them are used.

No. 2.—The main reason for the depreciation is, that they are not received into the treasury, unless in payment of a claim, and are only convertible in the bazar, at least generally speaking, at discount, which varies, as stated above, with the rate of exchange; at present they could not be cashed under Rs. 1-2 per cent. discount, and from this to 8 annas may be looked upon as an average rate.

No. 3.—You know this best yourself.

No. 4.—I have not the least hesitation in saying that Government currency notes never will be popular amongst the Natives until they are made convertible at the local treasuries. The very fact that they are not so conveys to the untutored mind of a Native the idea, however unreasonable, of repudiation on the part of Government.

No. 5.—On the whole, I am inclined to think that the present system of circles of issue, with a separate note for each circle, the most preferable.

No. 6.—I should, however, considerably increase the number of circles, and make the note convertible on demand *at all the local treasuries within the circle only* from which it is issued. The surest way of securing the confidence of the Natives in a Paper Currency is to make it easily convertible, and until such is the case, it never will become popular. I do not think it would do much good to establish sub-issue offices at the chief local treasuries. Notes issued from the head circle would do quite as well.

No. 7.—Neither do I think that the plan of having one universal note for all India, to be convertible at the Presidency towns and at certain specified treasuries, would improve matters much. If such a note could be cashed at any of the local treasuries instead of at certain specified treasuries, it might, in course of time, answer the purpose very well; but until Natives are more advanced in their ideas regarding the main object of a Paper Currency, I cannot but think the system would be liable to abuse. The buyers of up-country produce in the Presidency towns, instead of using a hoondee as the medium for transmitting money for their purchases up-country, would, of course, prefer the much cheaper plan of sending Government notes to be cashed at the nearest treasury. In the extensive cotton districts of the Bombay Presidency, for instance, the Government treasuries would, at certain seasons of the year, be utterly unable to meet all the notes presented to them. The same objection, it may be argued, applies to the proposed system of circles of issue making the notes payable at all the treasuries in the circle. Undoubtedly it does, but to a much more limited degree than the universal note system.

No. 8.—I am inclined to think a five-rupee note would be more serviceable in the districts, at all events, where transactions amongst the common people seldom exceed this amount.

No. 10.—Not to a great extent.

No. 11.—It entirely depends on the state of exchange at the time. In fact, notes are simply looked upon, and made to serve the purpose of drafts.

No. 12.—Not here.

No. 13.—I should not say so.

No. 17.—The Government gold mohur is very seldom to be seen in this bazar.

Nos. 18 and 19.—English and Australian sovereigns are very seldom to be seen in this bazar. Any that are, are valued at par, at least so I am told.

Nos. 20 and 21.—I cannot say.

No. 22.—For hoarding purposes they prefer gold to silver. For circulation it is very little used here.

No. 23.—Undoubtedly they would.

No. 24.—At first I dare say the Natives would prefer gold coin to currency notes, but after they get familiarised with the latter, provided always that the proposed facilities are supplied for converting them into cash at pleasure, I am inclined to think they would have little preference in the matter.

No. 25.—Yes, I think a Gold Currency, as an auxiliary to the Paper Currency, would be of great advantage. Indeed, for keeping the treasuries in funds, I should say it is almost indispensable.

No. 26.—I should say so.

No. 27.—I have not consulted any.

No. 28.—I cannot say.

No. 29.—Jeypore gold mohurs are to be had in the bazar to a small extent only, but are used principally for the purpose of speculation.

No. 30.—Jeypore gold mohurs only.

Nos. 31 and 32.—They do not pass for intrinsic value; some times they may fetch 15 rupees, and at other times 16 rupees and rupees 16-4. In Jeypore their value varies also.

From the President, Bank of Bombay,—dated 7th March 1866.

I have the honor to give brief replies to your thirty-two questions as follows.

No. 1.—In Bombay they are.

No. 2.—No reply needed.

Nos. 3 and 4.—Must be replied to by Government servants.

No. 5.—Not here. The only separate circle is that of Scinde, and I am of opinion that this is needless, as it upsets, in some measure, all exchange operations; Government having decided that Scinde notes should be paid here at par. They are dead stock, and when a man wishes to remit to Scinde, he applies to the Bank of Bombay for notes of this circle.

No. 6.—Offices of sub-issue.

No. 7.—This is a question requiring careful consideration; but I am inclined to think that one universal note for India, convertible only at Presidency towns and specified treasuries, would be best. All such treasuries would require to be kept well informed (in confidence) of the rate of the currency reserve, weekly. Arrangements would also have to be made to guard against a run on individual treasuries. It might happen that Native shroffs, finding their operations interfered with, would combine to present notes to a larger extent than could be cashed at any weak treasury. The question still arises whether it would not be better to entrust paper issue to the three Presidency banks.

No. 8.—I consider Rs. 10 quite low enough.

No. 9.—No, they would only be used in petty transactions.

No. 10.—Freely used on this side.

No. 11.—Not usual.

No. 12.—Yes, notes of other circles are so treated.

No. 13.—Hoondees, as a rule, because these are granted in duplicate.

No. 14.—We would apply to the Mint.

No. 15—No.

No. 16.—See question 15.

No. 17.—In Bombay, mohurs are liable for about 2 to 4 annas shroffage. Government mohurs are rarely used in business.

No. 18.—Rupees 10-2 to Rs. 10-5. There are generally few English sovereigns here, and these are wanted by homeward bound travellers at a premium.

No. 19.—They are generally sold as gold, and the market value varies. They are not much sought after.

No. 20.—I cannot say for certain, but I believe the value there and here is much about the same.

No. 21.—Formerly, the price ruled considerably higher up-country than in Bombay, but since Government ordered sovereigns to be paid and received by the treasury at Rs. 10 each, Australian sovereigns have been largely imported by the exchange banks, and their selling price is rarely over Rs. 10 in the Mofussil.

No. 22.—All depends on the price of gold. When gold is relatively cheaper than silver, they hoard gold.

No. 23.—I am inclined to think they would, were it once fairly established; but I am of opinion that India is not yet ripe for the introduction of a Gold Currency. It is a large and important question, requiring the careful and mature consideration of political, commercial, and banking thinking men. Of late years, owing to the enormous increase in the value of cotton, wealth has been poured into this country, and there it is likely to remain hoarded until the Natives are enlightened by education, and are induced to see that their money would be better out at interest than buried in a field. In all probability, within the next two years, there will be a great fall in the price of cotton, and the import of specie will be on a more limited scale; then, in my opinion, it will be time enough to think of introducing a Gold Currency.

No. 24.—Natives at this Presidency are now accustomed to notes and like them, but I think that gold coins down to the value of Rs. 2½ might possibly, after a time, obtain a large circulation.

No. 25.—I am of opinion that it would after a time; but this question seems to require explanation.

No. 26.—Yes, much owing to ease in transmission, if a Gold Currency were once established.

No. 27.—Many to whom I have spoken say they would prefer silver, gold, and paper; and some intelligent Natives seem to think that silver would decline in value were Gold Currency once fairly introduced.

No. 28.—Not much. It is chiefly purchased for up-country wants.

No. 29.—No.

Nos. 31 and 32.—Valued as gold according to purity.

I concur with the President in the replies he has given.

D. ROBERTSON,

Offg. Secy. and Treasurer, Bank of Bombay.

From the Bombay Agent of the Agra and Masterman's Bank,—dated the 9th March 1866.

No. 1.—I am unable to say whether currency notes are received and paid at full value by the Native community in private monetary transactions. But in Bombay, all this bank's business is conducted exclusively in currency notes, very little silver coin being used.

No. 2.—See reply to No. 1.

No. 3.—Every facility has always been afforded.

No. 4.—Sufficient.

Nos. 5, 6 and 7.—I do not, with my present information, feel competent to offer any opinion as to circles.

No. 8.—Ten rupees, I think, should be the lowest value represented by a note. I would suggest that notes of a higher value than 1,000 rupees be issued, say of 5,000 and 10,000 rupees each.

No. 9.—See reply to No. 8.

No. 10.—I think not ; the risk of transmission being considered too great.

No. 11.—Only on notes of insignificant amounts when changed in the bazars, or on taking notes of a distant circle.

No. 12.—See reply to No. 10.

No. 13.—No.

Nos. 14, 15 and 16.—These three questions appear to be specially addressed to Government officers.

No. 17.—There are not, to my knowledge, any in regular circulation.

No. 18.—The value of the English sovereign varies from 1 anna to 4 annas premium on each.

No. 19.—Australian sovereigns are seldom worth better than par, and large importations generally pass at that value into the Mint.

No. 20.—I believe a higher value may be obtained in Mofussil bazars for a limited number.

No. 21.—Because so few find their way there.

No. 22.—Bar gold as imported is taken into the Mofussil, and there worked up into ornaments or coined by Native States; large quantities for the latter purpose go to Rajpootana.

Nos. 23 and 24.—Natives are best able to reply to these two questions.

No. 25.—Notes already pass freely in Bombay, as shown in my reply to No. 1. The effect of a Gold Currency can only be conjectured.

No. 26.—This, like Nos. 14 to 16, appears to be addressed specially to Government officers.

No. 27.—I never found in any Native shroff or money-dealer that I have conversed with on the subject, any clearly defined ideas on the currency question ; they seem content to continue working under the present existing state of affairs until compelled to adapt themselves to any changes that may occur.

No. 28.—See reply to No. 22. Buyers of bar gold from Australia, and gold leaf from China, generally accept the evidence of invoices and known stamps on the gold, or if doubtful, they submit the metal for assay at the Mint.

No. 29.—No.

Nos. 30, 31 and 32.—Require no reply—being in connection with question No. 29.

From the Agent of the Asiatic Banking Corporation, Bombay,—dated the 10th March 1866.

I have been favored by the Chief Secretary to the Government of Bombay with a copy of your Circular dated 16th ultimo, and, as desired, I beg to answer the queries contained therein.

No. 1.—They are, I believe, within their respective circles.

No. 2.—See answer to No. 1.

No. 3.—To be answered by Government officers in charge of treasuries.

No. 4.—The same.

No. 5.—I consider the present arrangement of circles quite inadequate to the wants of the country, and that a more comprehensive scheme should be introduced whenever it is found practicable.

No. 6.—See answer to No. 7.

No. 7.—I consider that Government of itself is unable to perform satisfactorily the functions of a bank of issue, through its own officers and treasuries. The greatest benefit to be expected from a Paper Currency is in economizing the use of the precious metals, and I am of opinion that the three Government Presidency banks working together, or amalgamated into one National Bank, could practically secure the convertibility of the note at a less cost to the country, in waste and dead lock of bullion, than Government could. I am further of opinion that the bank note would eventually be more popular, and would become more widely circulated than the Government note. My reasons for arriving at these conclusions, are—

1*st*.—A bank, constituted as proposed with the sanction and partial control of Government, would, I think, be held to give an equal security to the public in issuing notes, to that now afforded by the Government note.

2*nd*.—Such a bank, having a net work of branches throughout India, a staff of officers specially trained to banking and exchange business, and a system borrowed from banks of issue in England, would, it appears to me, be peculiarly fitted for directing reserves of coin speedily to the particular points at which they would be required at different seasons of the year. I believe that such a bank note could be circulated throughout the greater part of India,—a reserve in coin being held to the extent of one-third of the aggregate circulation.

3*rd*.—That a well conducted bank of issue could popularize and extend a note payable to bearer, to a greater extent than Government, is, I think, conclusively shown by the example of other countries. The bank has intimate mercantile relations with its customers, and it is thoroughly understood in England that it is the duty of a constituent to receive the notes of his banker and promote their circulation, in return for the accommodation given in loans, &c.

No. 8.—I think there is not much necessity for a note of smaller denomination than Rs. 10 in the Presidency towns. But in the interior, it might be found convenient, as 5-rupee notes of the banks of issue in Ceylon are much in favor and largely circulated.

No. 9.—See answer to No. 8.

Nos. 10 to 13.—The shroffs do, to some extent, use notes as remittances when the discount on them offers a temptation ; but hoondees are always preferred, as they are generally issued in duplicate and are payable "to order," which gives additional security.

Nos. 14 to 16.—To be answered by Government officers.

No. 17.—There are almost none.

No. 18.—From Rs. 10-2 to Rs. 10-4 each.

No. 19.—Generally 1 to 2 annas each below the English sovereign.

No. 20.—No doubt they do.

No. 21.—Because the exchange is always against the Presidency towns, and there is the expense of remitting coin and bullion to the interior.

No. 22.—The people are fond of gold and silver indifferently for hoarding purposes.

No. 23.—When we have a pressure for money, there is a little discussion among the Natives about the advisability of a Gold Currency; but I do not think they generally understand the question.

No. 24.—Not in the Presidency towns; and for travellers notes would be safer than gold coins, and would be preferred, I think, if they could be made convertible at convenient distances.

No. 25.—I think it would; but I have already stated that I think a Paper Currency may be extended on the basis of the present Silver Currency.

No. 26.—No answer required.

No. 27.—Among those who understand the subject, the idea is that the country is by no means ripe for a change of currency from silver to gold, because gold could only be imported at a great expense compared with silver, and that, consequently, the gold coin would have to be greatly debased. A double currency of gold and silver, would, it is believed, if not utterly impracticable, be mischievous and unjust. In these views I quite concur. I cannot see that any change of currency could prevent or even alleviate to any extent the periodical pressure for money which has been felt in the Presidency towns during the past five years. That pressure arises chiefly from the peculiar state of the cotton market in Europe, and the necessity of very heavy remittances of treasure being sent rapidly at certain seasons to the interior to pay for raw cotton. The demand is felt for both gold and silver, no matter in what shape; and it is evidently wanted, therefore, to be hoarded. And it is met as fast as it can be: the delay of minting not even having to be submitted to for a very large proportion of such remittances. The importer of bullion often loses in selling silver in the bazar, instead of minting it; but this is purely a private question, and the loss is often covered by the favorable exchange obtained at such a time of pressure. I conclude, therefore, that although the great argument in favor of a Gold Currency is, that it would relieve us from monetary panics, it is unreasonable to expect such a result to follow any change of currency without other and more important causes being at work. I have endeavoured to show why, in my opinion, any material change in currency should be preceded by an extension of banking facilities and Paper Currency. It is well known that there is abundance of coin and bullion in the country, and banks are the only known agency for teaching the people the value of money by raising up a class of depositors on the one hand, and of borrowers on the other, and thus making available capital that previously was dead. No doubt the completion of the chief Indian railways will bring the people into more intimate relations with English banks. I would beg to add that the Gold Currency in England plays a comparatively small part in economizing money, and settling the heavy transactions of the country. It is well known that by the aid of the Paper Currency, and the thoroughly organized system of banking, the great bulk of the transactions of the day cancel themselves at the Clearing House in London without the intervention of money.

No. 28.—Bar gold is sold here, and circulates to some extent in the interior. Small bars of 10 ounces each of nearly pure gold, are preferred, and the purity is insured by its being impressed on the bar, together with the name of the importer.

Nos. 29 to 32.—Already answered.

From the Bombay Agent of the Chartered Bank of India, Australia and China,—dated the 21st March 1866.

I have the honor to enclose, for your perusal, a series of answers to the various questions which you have submitted to me in your Circular dated the Treasury, Calcutta, February 16th, 1866.

No. 1.—Yes.

Nos. 2 to 4.—No answer.

No. 5.—The present system seems to work well enough.

No. 6.—No answer.

No. 7.—No; we humbly object to a change, on the grounds that it would interfere with our inland exchanges; and an universal note, payable at the Presidency towns, would be used and abused by being bought up in quantities and remitted for encashment from one town to another, to the great disturbance of the treasuries, the officers in charge of which would never have the means of knowing when and where the drain upon them for coin would come.

No. 8.—A note of the value of 5 rupees would be a great convenience. This is admitted by all the Natives I have conversed with.

No. 9.—Yes.

No. 10.—A good deal.

Nos. 11 and 12.—Some times.

No. 13.—They prefer that which yields most profit; but, of course, a Government note is always preferred to a hoondee, whoever the obligants on it may be.

Nos. 14 to 16.—No answers.

No. 17.—Rupees 16 is the average.

No. 18.—Rupees 10-2 to Rupees 10-3.

No. 19.—Rupees 10-0-6.

No. 20.—In the Mofussil, the outside price of English and Australian sovereigns is Rupees 10-4.

No. 21.—The gold being fine gold, is in demand for melting into ornaments; and also its adaptability for hoarding and transmission from hand to hand makes it bring a higher price in the Mofussil, where there are fewer banks.

No. 22.—Bar gold and sovereigns, both here and in the Mofussil, are occasionally paid for merchandise; but the terms are agreed upon at which the gold is to be received before the bargain is made.

No. 23.—No doubt of it, both here and in the Mofussil. Both in Brazil and Egypt the silver dollar, not many years since, was the universal circulating medium, and possibly had been so for ages, and the Natives were prejudiced in its favor. Gold has now almost completely supplanted silver in these countries.

No. 24.—Very likely.

No. 25.—Yes.

No. 26.—No answer.

No. 27.—They would prefer *silver, gold* and *paper*.

No. 28.—Very little.

No. 29.—Gold mohurs here, we believe, exist only in small quantities as an article of merchandise, being bought and sold by the shroffs, and seldom, if ever, received or paid as the price of goods. It would be difficult to get a lakh of gold mohurs in Bombay.

No. 30.—Delhi, Calcutta, Jeypore, Surat, Nagpore, Mahomedshai, Hyderabad, Bombay, &c.

No. 31.—Yes.

No. 32.—No.

From the Bombay Agent of the Chartered Mercantile Bank of India, London and China, dated the 20th March 1866.

I have the honor to reply to such of the queries embodied in your Circular of 16th ultimo, as come within the limit of my own experience.

No. 1.—Currency notes are readily received and paid away at their full value in ordinary monetary transactions at the Presidency towns, or in the immediate vicinity of the treasuries from which they are issued.

No. 5.—I consider that the institution of circles, with a separate note for each circle, is *at present* the only practicable means of maintaining a Paper Currency in India.

No. 6.—Although I consider that the maintenance of separate circles is at present unavoidable, I think they should be as few as possible, and that facilities for cashing the notes should be as widely extended within the limits of each circle as is consistent with safety. This would be best secured by the establishment of sub-offices at the chief local treasuries within each circle, where notes could be cashed as at the head office of issue. I believe that the expense attendant on such an arrangement would be comparatively small and would be more than compensated for by the increase of the note circulation, which would result from its adoption.

No. 7.—An universal note currency for all India is, no doubt, highly desirable; and when the Presidency towns are connected with each other and with the principal cities of the interior by rail, such a measure may, perhaps, be feasible, especially if we have by that time a Gold Currency in operation. But I am of opinion that the plan of having one universal note for all India, to be convertible at the Presidency towns and at certain specified treasuries would, under existing circumstances, be found to be impracticable. The results which would follow the adoption of such a measure will be apparent if we consider the constant fluctuations in the value of money in the different Presidencies. About three months ago, while there was a very severe monetary pressure in this Presidency, the Calcutta money market was in a state of plethora, and the opportunities for the employment of capital were so much more favorable here than on the other side, that merchants were willing to pay as high as two per cent. premium for sight bills on Bombay, and banks found it profitable to ship round rupees at a cost of one and a quarter per cent., and with the loss of a fortnight's time. Such fluctuations are constantly occurring, and it cannot be supposed that, when the stream of money is flowing from one side of India to the other, banks or merchants would make their remittances in specie or pay a premium for bills, if so easy and convenient a medium was available to them as a currency note convertible at par. Government would consequently, on all such occasions, find itself in the position of having coin poured into one of its treasuries in exchange for notes, which would be immediately sent off to another Presidency, and to meet which, when presented there for encashment, it would be under the necessity of shipping round the necessary coin at the expense and with the loss of time I have named. A note circulation, redeemable at any of the Presidency towns, &c., would entail on Government the responsibility of maintaining at its own cost a par rate of exchange throughout the whole of India. The experiment is one that, under existing circumstances, would, in my opinion, be attended with great expense and still more serious risk.

Nos. 8 and 9.—I think a note of the value of 5 rupees would be useful, as it would enable notes to be a medium in the settlement of smaller transactions than the other denominations admit of. It would, doubtless, have a *more extended* circulation than notes of greater value, and would thus aid in accustoming the Natives to a Paper Currency.

Nos. 10 to 12.—I am not aware that the shroffs and Native bankers in the Presidency towns make use of notes for purposes of remittance. I believe that the shroffs and bankers in the Mofussil make a charge for cashing currency notes, which they send to the head quarters of the circle for encashment: the discount charged compensating them for the time they remain out of their money.

No. 18.—The imports of English sovereigns are very small. The coin is generally worth Rs. 10-1 to Rs. 10-2.

No. 19.—Australian sovereigns cannot be sold here at a better price than 10 rupees each.

Nos. 20 and 21.—I believe that sovereigns and bar gold bear a higher value in the Mofussil than in the Presidency towns. This is owing to the cost of transit to the interior, and to the fact that the imports of gold are sold wholesale to the dealers in the Presidency towns, who retail it at a profit in the Mofussil.

No. 22.—The Natives invest a great portion of their surplus wealth in gold, which they either hoard or convert into ornaments.

No. 23.—From conversations I have had with wealthy Natives both of Calcutta and Bombay, I believe they are fully alive to the advantages of a Gold Currency, and anxious for its adoption.

No. 24.—Gold coins of the denominations here mentioned would, undoubtedly, be more favorably looked on by Natives than notes of like value.

No. 25.—I believe that the introduction of a Gold Currency would prove a most powerful aid towards the establishment and extension of the Paper Currency. Some of the objections to the present Silver Currency are its cumbrousness, the waste of time in coining it, and the difficulty of transporting large amounts of it to any distance. All these are objections which operate strongly to the disadvantage of a Paper Currency redeemable in silver alone, especially if it be proposed to make the notes payable at other places besides the centre of issue. With a Gold Currency these objections are reduced to a minimum, owing to the immensely greater facility with which gold can be coined, transported and handled. For these reasons I believe that the establishment of a Gold Currency would not only furnish a safe basis for a considerable extension of the Paper Currency, as it at present exists, but might ultimately facilitate the introduction of an universal note currency for all India.

No. 26.—I am of opinion that, for the reasons stated in the last paragraph, a Gold Currency would render it easy for the outlying treasuries to ensure the convertibility of the note.

No. 27.—So far as I am able to judge, the shroffs and other Natives, who desire to see a Gold Currency introduced, do not wish it to supersede the Silver and Paper Currency, but rather to help them.

Nos. 28 to 32.—I have not the necessary information to enable me to reply to these queries.

From the Acting Agent, Oriental Bank Corporation, Bombay,—dated 17th May 18

I have the honor to acknowledge receipt of your Circular letter of 5th March, on subject of the Government Paper Currency, which I regret to observe was not soo replied to.

Most of the questions contained in it are on points connected with the circulation of gold and notes in the Mofussil; regarding which, having no branches up-country, we are not in a position to give an opinion from personal observation.

No. 6.—The best plan would appear to be to extend, as much as possible, the number of circles of issue, giving general instructions to all officers in charge of sub-treasuries to change notes brought to them for that purpose to the utmost extent in their power.

No. 7.—As regards the question of an universal note for all India, there is no doubt that, if practicable, it would be the most desirable arrangement; but the effect of a high exchange for sight bills on any of the Presidencies would probably be to throw such an amount of large notes, received as remittances, on the treasury of the Presidency town drawn on,

that no scheme which could be devised would suffice for providing payment at all points when it might be required.

No. 8.—The issue of small notes (for Rs. 5 or even less amounts) would undoubtedly have a most beneficial effect in increasing and maintaining the circulation. It would, I think, also be desirable to make distinctions, that would strike the eye, in the colors of the different denominations of notes issued, by printing notes for the various amounts current, on paper of different tints, or with ink of different colors.

No. 25.—The effect of a Gold Currency on the note circulation would probably be to some extent to diminish it. The principal value of notes consisting in their portability, the introduction of a more portable circulating medium than silver would probably be to reduce the demand for paper, the only convenient substitute now available. Apart from this consideration, a gold circulation would, I believe, be of incalculable benefit to India, especially if it could be adapted to the present standard by being coined in 5 and 10-rupee pieces.

From the Agent to the Bank of Bengal, Dacca,—dated the 14th March 1866.

I have the honor herein to subjoin my answers to the several questions put in your Circular of 16th ultimo.

No. 1.—No; they eagerly avail themselves of every opportunity to trade with the note in exchange operations: its free circulation and steady measure of value being thereby in a great measure destroyed.

No. 2.—Large amounts being chiefly used as a means of remittance, an exchange value is put upon smaller amounts by the Natives, as well as the large sums, and their value rises and falls as money is scarce or plentiful in the bazar.

No. 3.—They receive notes freely in payment of all Government dues, and issue them in exchange for silver, and in payment of sums due from Government.

No. 4.—Fully; they have not been to any great extent availed of.

No. 5.—No; I would not retain it.

No. 6.—Increase the number of circles, there will then be less inducement to make notes a medium of exchange, and, therefore, the notes will be more likely to maintain an equal measure of value. They will then pass from hand to hand, and not over immense distances by post, as is the case at present.

No. 7.—No.

No. 8.—A 5-rupee note would not meet the natural requirements of communities better than a 10-rupee note; but being of a value that admits its being paid as monthly wages, it might be the means to bring the currency system into notice in bazars.

No. 9.—It would not probably attain a higher circulation than notes of a greater value.

No. 10.—Yes.

No. 11.—If the rate of exchange allows them, they do so.

No. 12.—Yes.

No. 13.—For this purpose, the shroffs and Native bankers have equal confidence in the note with their hoondees of the best class; but for transmission by post, hoondees are considered more secure in case of miscarriage.

No. 14.—There is weekly communication between Dacca and Calcutta by railway and steamer. I would first apply to Calcutta. Tipperah and Furreedpore Treasuries are within three and four days' journey respectively.

No. 15.—Indents for notes have always been complied with.

No. 17.—Rupees 15.

No. 18.—Rupees 10-3.

No. 19.—Rupees 10.

No. 20.—Yes.

No. 21.—There is less scarcity of these coins in Presidency towns.

No. 22.—Gold is hoarded more than circulated at present. It is liked for this purpose.

No. 23.—I think so.

No. 24.—Yes.

No. 25.—Yes.

No. 26.—Yes, greatly. It would be a satisfaction to Natives to receive a gold coin in exchange for their note, should silver happen at any time to be scarce.

No. 27.—Their opinions at present are that nothing can suit them so well as the rupee, the value of which does not change, and being a coin the counterfeit of which they can easily detect. Gold they would like, and would use it as a currency, but not to the same extent as silver. They have perfect confidence in the Government currency note, and will use it to what extent they can in the management of their local business.

No. 28.—No.

No. 29.—No.

No. 30.—Company's, old and new.

Sicca Rampooree and sicca old.

Shah Alleum.
Charearee.
Bulramee.
Ram Raja.
Joynuguree.
Akburee.
} These are rarely met with.

No. 31.—They bear a higher value.

No. 32.—Each is valued after its denomination.

From the Agent, Branch Bank of Bengal, Mirzapore,—dated the 9th March 1866.

On the 24th ultimo, I received copy of your Circular of 16th idem, to which, as requested, I have now the honor to forward my reply.

No. 1.—No. Since the centre of issue for this district was removed from Mirzapore to Allahabad, the notes being only convertible at a distance of fifty miles, are (save for Government dues) treated more as sight bills of exchange than legal-tenders for payment of debts.

No. 2.—The depreciation varies with the current rate of exchange. As a rule, there is a slight premium on the notes which are payable at a point nearer the cotton districts than Mirzapore; but during the rainy season, and the end of the hot weather, when purchases of cotton have ceased and the flow of money occasionally turns eastward, they are at a slight discount. When the rate of exchange for on demand drafts on Calcutta rises to a premium, the discount on the notes is also converted to a premium.

No. 3.—The Bank of Bengal cashes notes of other circles than the Allahabad at par for travellers, &c.; receives the Allahabad notes in payment of its dues, or to credit of its account current customers, and issues them in the same manner; but it does not undertake to cash all Allahabad notes for silver, or issue notes in exchange for silver or notes.

No. 4.—They are insufficient. The issue of bank or currency notes is the proper duty of the State bank, and as a means for increasing facilities for cashing notes, there can be no doubt that the employment of the bank's agency would be the most effective.

Nos. 5 and 6.—I consider the present arrangement of circles not well adapted to prompte the reception of a Paper Currency by the Native population. All experience proves that the issue of notes is the province of bankers controlled by the State, and not the State itself. The notes must be circulated to the agricultural and trading classes through the Native bankers, and the Native bankers would be far more readily brought to understand the value of the measure and its purposes by dealing with the bank in the first instance, and being assured

that they could get their notes converted at a bank, instead of a Government cutcherry. The great object is to ensure immediate convertibility in the district in which the note is issued. This is not the case at present at Mirzapore, where the holder of a currency note, if he requires to convert it to cash, is referred to an office fifty miles distant. In the case of the shroffs and large bankers who have exchange dealings with Allahabad, this is a small hardship; but to the petty trader or artisan, it is a serious objection to the note, and forces him to get the note discounted by a shroff. The number of converting offices should be multiplied as much as possible, and the bank's agency availed of where practicable. Under the most favorable circumstances, it will be many years before the notes circulate freely, and are received without suspicion. The circulation must be first made by the bankers and merchants, and when once they are convinced of its utility, and that the notes are a really useful and convertible legal tender, they will very soon make their opinions and influence felt among the smaller traders and agricultural population. To ensure the ready convertibility of the note, I would, for the North-West, recommend the establishment of four circles, thus—

Centre of Issue.	Subordinate to which, the Issuing Offices.
Allahabad	Mirzapore, Benares, Jaunpore, Ghazeepore.
Cawnpore	Etawah, Calpee, Jaloun, Humeerpore, Jhansi.
Agra	Muttra, Allyghur, Gwalior.
Lucknow	Fyzabad, Roy Bareilly.

Each centre of issue to have a distinct note of its own, not with the name of the circle printed in ordinary black English letters, as at present, on the foot of the note, but branded in glaring red or blue letters across the length of the note (enfaced and endorsed) in English, *and the characters of the vernacular language of the circle.* I would strongly urge this latter suggestion; for one of the great obstacles to the circulation of the present note is the impossibility for any Native (unless acquainted with the English, Bengallee, or Urdu character) to find out the value of the note which he holds, or the circle to which it belongs; the latter is a consideration of some importance when it is remembered that without this knowledge, he cannot tell whether he is holding a legal tender or a bill of exchange, and that, if the latter, he will be called upon to pay a discount in cashing the note proportionate to the distance from the circle to which it belongs. Looking at the Currency Act as a broad financial measure for the benefit of all classes, considering that, while the circulation of Government rupees (as estimated by Mr. Wilson, the late financial minister) is set down at one hundred crores, and that in five years' experience only 6 to 7 per cent. of that circulation is represented by notes among a population of two hundred millions, the trading and agricultural classes of which have enormously improved their circumstances and increased their wealth during this period, it does not to me seem incumbent upon Government to increase their issuing and converting establishments largely, no less as a profitable financial measure remunerative in itself by securing a large available loan without interest, than remunerative to the mercantile classes who would not (were the currency on a sounder footing) be subjected to the frequently recurring panics occasioned by an insufficiency of the circulating medium which have been recently so productive of embarrassment and loss. The objection that may be made to the cost to Government of transport of bullion to the different centres, and from them to the subordinate offices of the circles, need not, I think, be considered in opposition to the great advantages and profit to the Government to be derived by such an extended circulation, as it would ensure the general acceptance of the note as a legal tender in fact, and not as at present only in name, at a cost too that will yearly decrease as the population generally gets accustomed to the notes, and, in any case, diminished nine-tenths by the introduction

of a gold legal tender. The centres named above are all situated in the line of railway from Calcutta. Judging from the experience of the Bank of Bengal under the old Charter, the cash required to be retained at the centres need not exceed one-fourth of the notes issued.

No. 7.—I do not consider the proposal of a general note for all India feasible. It might, of course, be adopted, as suggested, with the notes payable at the Presidency towns; but in that case, in addition to meeting the requirements of these Presidency towns and of their immediate neighbourhoods, they would be made to bear the burthen of the exchange operations between those cities. They would be of little value in the interior of the country as a circulating medium, unless convertible also at "certain treasuries;" and in this case I do not see how a treasury in the interior, inaccessible by railway, could be strengthened to meet the heavy demands for cashing notes which would ensue upon an active demand arising for the exportation of the produce of the district in which it was situated.

No. 8.—I would not propose a note of 5 rupees (at all events for the present). The 10-rupee note is quite small enough for trading operations, and the payment of Government revenue. The making a 5-rupee note a legal tender, would be a great hardship to the laboring classes, whose monthly wages it would be in the power of their employers to pay in paper, on which the laborer would be called upon to pay a discount in proportion to his neediness and his indebtedness to the bunniah of his village.

No. 9.—Though this power of oppression might be used occasionally, it would in general, I believe, be found that the note would be little used on account of the discontent which its use would occasion. The 5-rupee note would not have a larger currency than other denominations of notes in these provinces.

No. 10.—They are extensively.

Nos. 11 and 12.—They take a discount from the ignorant, illiterate, and poor; but in purchasing for large amounts, and for remittances to head quarters of circles for exchange purposes, they are glad occasionally to give a premium.

No. 13.—Other things being equal, they infinitely prefer their own form of hoondees, which afford a greater security for remittance purposes.

No. 14.—Railway to Allahabad. I would apply to the Accountant General, Allahabad.

No. 15.—No.

No. 17.—Rs. 14-12 to 15.

No. 18.—Rs. 10 to Rs. 10-2.

No. 19.—Rs. 10 to Rs 10-2.

Nos. 20 and 21.—They fluctuate less in the Mofussil than in the Presidency towns, because there is no temporary demand for overland steamer passengers' use.

No. 22.—Yes; they hoard gold, but the principal demand that has come under my observation has arisen from the convenience and cheapness of carriage hence to the cotton districts.

No. 23.—They would in a very short time. At first they would be suspicious and timid, but a very few months would see the circulation of a gold coinage rapidly gaining ground in the favor of the people.

No. 24.—I would recommend 10 rupee and 5 rupee pieces; in a short time they would be more favorably received than notes, on account of their greater convenience for hoarding, and greater value in times of civil disturbances and war.

No. 25.—It would very materially. But in answering this question, I may state my conviction, after several years' experience of banking in the North-West, that Natives will regard both currencies with suspicion, until Government come forward and proclaim through their collectors and tehsildars, that notes and gold are legal tenders. At present, the fact of currency notes being legal tenders is a mystery jealously guarded by the shroffic class whose interest it is to conceal the fact from the masses.

Nos. 26 and 27.—Yes; they would prefer a circulation composed of all three; provided the paper was made convertible within reasonable distances, and gold and paper openly proclaimed legal tenders.

No. 28.—It does not circulate, but is bought and sold extensively. Its purity is determined by rubbing it on a species of stone called *kussowtee*, upon which the mark made by the gold is indicative of its fineness.

No. 29.—No; mostly used for ornamental purposes and hoarding.

No. 30.—Not much. Those in use are named Jeypore, Delhi, Kuldar old, Kuldar new, Moorshedabad, Lucknow, Nagpore.

No. 31.—They are bought and sold at current rates of gold.

No. 32.—They do not bear an artificial value according to their respective denominations or as proceeding from certain States.

From the Agent, Bank of Bengal, and Officer in charge of the Treasury, Nagpore,—dated the 8th March 1866.

No. 1.—No; in private transactions of Natives amongst each other, notes are never used.

No. 2.—I would rather say the currency notes are not yet appreciated than that they are depreciated. Their non-appreciation I attribute,—1*st*, to Natives of this part of India not yet being accustomed to a Paper Currency; 2*nd*, to the inconvenience caused by notes of one circle not being current within the limits of another circle. In the towns of Nagpore and Kamptee, notes of the Nagpore circle can generally be cashed at 2 to 4 annas per cent. discount, but in the country, not under 1 or 2 per cent. In many places, I am told, it is quite impossible to cash notes at any price.

No. 3.—The head quarters of the Central Provinces sub-circle being at Nagpore, the duty of issuing and cashing notes falls here on the Assistant Currency Commissioner. In addition to the facilities afforded by him, I invariably receive all notes presented to me, whether in the treasury or the banking department, and also exchange notes for silver, and *vice versâ*, for constituents. But shroffs, who have had anything to do with Government currency notes, complain of the difficulties, or rather impossibility of cashing notes in the Mofussil. Excluding the Nagpore Treasury, there are, in all the Central Provinces, only four other treasuries, *viz.*, those of Jubbulpore, Saugor, Raepore and Hoshungabad. All other treasuries at the head quarter stations of zillahs have been abolished, or rather merged into the local tehseelees, from where the revenue, as soon as collected, is transferred to the treasuries. For the enormous extent of territory comprised within the Central Provinces, the places for encashment of notes appear to me too few. In addition to this difficulty, officers in charge of those subordinate treasuries have restrictions imposed on them. One of these restrictions, *I believe*, is to refuse cashing notes presented "for speculative purposes." Under this term notes presented by a merchant in excess of a few hundreds of rupees worth, are refused payment.

No. 4.—I do not consider the present facilities sufficient. If the Government wishes to make the Paper Currency popular, it should cash notes of all circles, to the utmost of their power, without enquiring for what purposes they were presented.

Nos. 5 and 6.—No.

No. 7.—I am in favor of an universal note for all India, with the head quarters of issue in Calcutta and agencies in Bombay, Madras, and the seat of every Government or Administration, if situated on a line of railway: these agencies to be extended gradually to other great commercial cities. It will probably not be safe to introduce an universal legal tender note for all India, till Calcutta, Bombay, and Madras, are connected with each other by rail; and even then, there may perhaps be very great difficulties. But I believe that most of these would be removed by the Currency Department maintaining a larger reserve of coin than it

does at present. If, instead of investing four crores in Government securities, they would for a few years invest only such an amount as to cover the cost of establishment and charges, I think the department would have ample resources to meet every demand on it; and if the reserve should fall very low in any one place, remittances might be made to it by rail in a short time from other places where the circulation has increased.

Nos. 8 and 9.—I think a 5-rupee note would be of some convenience to Europeans and East Indians. Its introduction could do no harm. I do not think the measure one of any consequence. The poorer classes of Natives, at least in these parts, will take to it as little as to the larger ones.

No. 10.—Yes; very extensively for remittances to Calcutta; but only by a very few of the leading shroffee firms.

Nos. 11 and 12.—The shroffs in Nagpore and Kamptee will buy notes at a discount and cash them immediately afterwards; but I have not heard of any firm having made it a regular business. From European gentlemen the shroffs will rarely take a discount.

No. 13.—No; they always prefer hoondee or bank drafts. The two or three firms that made the most extensive remittances of currency notes last year, prefer paying a premium of 1 to 2 annas per cent. for my drafts to sending notes. When I ceased drawing last year, those firms remitted notes and drew against them on demand, in favor of other Natives, at a premium of 6 to 8 annas per cent. As regards this city, it can certainly not be said that shroffs and traders prefer notes to hoondees for purposes of remittances.

No. 14.—The head quarters of the Central Provinces currency circle being in Nagpore, it is no part of my duty to cash notes; but in case of the currency office cash reserve falling low, assistance would probably be asked for either from the Government treasury or from the bank.

No. 15.—I have, on several occasions, had instructions from the local Deputy Accountant General to make remittances of Government currency notes to subordinate treasuries, but could not comply with them owing to the Currency Office being unable to supply me with notes. At one time the Currency Office had only notes of 10 rupees each.

No. 16.—The Assistant Currency Commissioner informed me that he had no instructions to issue notes of 500 or 1,000 rupees each, and that he had entirely used up his supply of notes of 100, 50 and 20 rupees.

No. 17.—The gold mohur is not current in this bazar.

Nos. 18 and 19.—Rupees 10 each kind.

No. 20.—The sovereign and gold mohur do not bear a higher value in this bazar than in Calcutta or Bombay.

No. 22.—Yes; especially for hoarding. Nagpore and Kamptee import from Calcutta and Bombay, but chiefly from the former city, bar gold and leaf gold to the extent of forty to fifty lakhs of rupees worth per annum; the greater part of which is hoarded.

No. 23.—All Natives that I have spoken to on the subject, are in favor of a Gold Currency.

No. 24.—Yes.

No. 25.—I think it would materially assist it, as it would enable the Currency Department at a moderate expense, to move specie from one place to another where it may be wanted.

No. 26.—I think so.

No. 27.—I think they would prefer a Gold and Silver Currency.

No. 28.—Yes; very extensively. By the touch-stone.

No. 29.—No.

No 30.—The names used here are—Delhi, Soortie, Julal Shae, Jeypories, &c

Nos 31 and 32.—Rather above intrinsic value.

From the Secretary and Treasurer, Bank of Madras,—dated the 13th March 1866.

In acknowledging your Circular of 16th February, I send you the following replies—each reply corresponding in number to that of the query.

No. 1.—The notes of each circle are readily received by Natives at their full value, within the limits of that circle; also notes issued by the branches of the Bank of Madras, bearing the branch stamp; but beyond these limits they are not always so received.

No. 2.—The depreciation of the note is caused by the difficulty of obtaining silver in exchange, and such depreciation is proportioned to the expense and risk incurred in conveying silver.

No. 3.—Officers in charge of Government treasuries can only exchange silver for notes to a very limited extent, for the purposes of commerce.

No. 4.—They are not sufficient. The only means that suggest themselves to me are, the establishment of branch banks and using their agency.

No. 5.—I think the arrangement of circles is well adapted for a note currency in this country.

No. 6.—I would not increase at present the number of circles, nor establish offices of sub-issue. The same agency, as is employed in England, *viz.*, that of banks, should be adopted throughout India, encouragement being given to the banks to establish branches, and an interest in promoting the currency by remuneration in the shape of a commission on the amount of notes in circulation.

No. 7.—I think each Presidency should have its own note. The Presidencies are separately of great extent, and their requirements large. Practically, travellers experience no inconvenience in the reception of the notes of one Presidency at either of the others. It is only when large amounts, for the purposes of commerce, are transmitted, that the rate of exchange current between the two places affect them, when it is possible that a premium may be paid for them instead of their being sold at a discount. If one note only was in use, Government would probably have to be some times transmitting silver to meet any large remittance of notes, as the public would, with an unfavorable exchange in lieu of silver, always remit notes from one Presidency to the other.

No. 8.—I think there should be a note of 5 rupees. The population of India is a very poor one, and for a great majority of the Natives, 5 rupees is a large sum to possess. To put, therefore, the currency within reach of a portion of this large majority, I think there should be a note of that amount.

No. 9.—I think, for the above reasons, that 5-rupee notes would have a larger currency in the *number* of notes, than any of the other denominations. It is at least worth a trial.

No. 10.—They are.

No. 11.—Yes; whenever they can do so.

No. 12.—There is no doubt they do.

No. 13.—Endorsement makes hoondees a safer mode of remittance.

No. 15.—No.

No. 17.—Rupees 15.

No. 18.—Rupees 10-3 to Rupees 10-6.

No. 19.—Rupees 10 to Rupees 10-3-6.

No. 20.—They do.

No. 21.—The supply in the Mofussil is not so great.

No. 22.—They are; for hoarding and the making of jewellery.

No. 23.—They would.

No. 24.—I think so.

No. 25.—I think a Gold Currency would be a great auxiliary to the Note Currency; the carriage of gold is so much easier than silver.

No. 26.—I think so.

No. 27.—Shroffs and Natives would prefer a conjoint currency of silver, gold and paper.

No. 28.—It is only purchased to be made into ornaments. Natives here test its purity by the use of wax and a peculiar stone.

No. 29.—No.

No. 30.—No other name.

No. 31.—They do.

No. 32.—No.

From Manager, Punjab Bank, Rawul Pindee, to Secretary to Financial Commissioner, Punjab,—dated 24th May 1866.

No. 1.—No.

No. 2.—Their non-convertibility into rupees at the treasury.

No. 3.—None at all, judging by Rawul Pindee; cash for notes not being procurable under any circumstances whatever.

No. 4.—This question comes under the head of the advisability of a general currency.

No. 5.—I think the present arrangement of circles very good for banks; very bad for private individuals.

No. 6.—The increase of circles within certain limits will be advantageous (with one note for each circle), but it would simply be an enlargement of the present system. The question of sub-issue is merely another plan of increasing the means for obtaining payment of notes.

No. 7.—One universal note for India, payable at all Presidency towns and certain treasuries, would undoubtedly be highly beneficial; but I am unable to see how the difficulty of supplying treasuries with money in order to meet these demands is to be overcome. No approximation could be formed, especially if a bank existed in the station occupied by a treasury.

No. 8.—I think a note of 5 rupees would be advantageous; people could easily carry many of them in their pockets. It might tend to ready money transactions between buyer and seller, and have some salutary effect on the pernicious system of credit which is so detrimental to the commercial progress of India.

No. 9.—The above remarks answer this question.

No. 10.—Yes.

No. 11.—Yes.

No. 12.—No, only for purposes of remittances.

No. 13.—This depends on the rate of exchange; they prefer the most profitable.

No. 14—As notes are only payable at certain treasuries, our cash balance could not be affected by their being presented; we could only pay them under the understanding that the treasury reimbursed us; in the case of Pindee notes are not current.

Nos. 15 and 16.—Refer to treasury.

No. 17.—Rs. 15-2 to 15-3.

No. 18.—Rs. 10-2 to 10-2-6.

No. 19.—Scarce.

No. 20.—Yes.

No. 21.—Comparative scarcity caused by conversion into trinkets and hoarding.

No. 22.—The people are fond of gold for the purpose of hoarding.

No. 23.—Yes.

No. 24.—Yes, under more favor.

No. 25.—A Gold Currency could be of immeasurable benefit to the community of India.

No. 26.—The result only could prove that point.

No. 27.—Silver, gold, and paper.

No. 28.—No.

No. 29.—No, for hoarding purposes only.

From the Agent, Delhi and London Bank, Limited, Bombay,—dated the 17th March 1866.*

I think there can be no question raised, as to the direct advisability of instituting a Paper Currency for the whole of India. The different banks of exchange would, no doubt, gladly resolve themselves into banks of issue likewise, and thereby materially aid the establishment of an easier circulating medium. If the monopoly vested in the Government bank were withdrawn, *why* the banks of the Presidencies should, as a rule, receive the "sop to Cerberus," because they are *per se Government Institutions*, I hardly perceive; and if strict rules for the guidance of all respectable joint stock banks of a certain *paid*-up capital be laid down under Government surveillance, I scarcely see what better aids to commerce need be demanded. Banks will, at all times, require a profit on valuations by cheque and bill on towns in the interior, and such charges need *never* be peculiarly oppressive to any class of Her Majesty's subjects, provided such currency regulations in the shape of paper or gold are laid down, as are constituted fitting media of exchange and circulation in every English dependency and colony. After several years' residence in our gold-producing Colony, Victoria, I have arrived at this opinion that, although gold, as a circulating medium, is undoubted, still the paper of respectable banks as currency for the "million" is *more* appreciated, as being so easy of transport and conveyance; and aided by a Silver Currency and gold coinage, as a general rule, paper will be rapidly absorbed by all classes. The great error, I think, the *Presidency* banks commit, is that they afford no inducement to holders of Government currency notes and paper to *refrain* from *cashing at all times and seasons* (and the circles are annoying but hardly beneficial). Should my opinions be called for, however, I am prepared to prove that a Paper Currency is the most suitable for the whole of India *generally*.

* As the following answer is not in direct reply to the Circular, no abstract of it has been made.

ANSWERS

FROM

POLITICAL AGENTS.

CIRCULAR.

TO POLITICAL AGENTS.

SIR,—You will probably have seen in the *Gazette* of the Government of India, dated the 10th of February, that a Currency Commission is now sitting in Calcutta, according to orders issued by the Governor General in Council.

The object of this Commission is more especially to investigate the operations of Act XIX of 1861, now that we have had five years' experience of that measure.

In Native States, consequently, the immediate object of enquiry does not demand attention, but it has occurred to the Commission, with regard to the cognate question of a Gold Currency, that it might be very useful were the Commission to be favored by you with a statement as to the relations of gold and silver in the States under your charge.

1.—Are gold coins much used in currency?

2.—Or are they hoarded merely as a reserve for value?

3.—Taking the Sovereign to be worth about Rs. 10-4, do the gold coins which are current bear a relatively higher value in the bazars?

4.—What is the gold coin in your neighbourhood, and what is it worth in British rupees?

5.—Is there a large importation of gold and silver?

6.—Does this come in the form of bars in both metals, as well as in coins?

7.—What do the Natives think of the English sovereign?

8.—Does it pass current in the bazar? and if so, of what value?

9. Do Government currency notes come as hoondees from the Presidency towns, or from other circles of issue?

10.—If so, are they bought up at a discount, and sent back to their respective circles for encashment at par?

11.—Is there a Mint in your neighbourhood?

12.—What does it turn out—silver only, or gold and silver?

13.—Is it known that a large proportion of gold coins coined in Native States are exported to the British Provinces for the purpose of forming reserves of value?

I have the honor to be,

SIR,

Your most obedient Servant,

(Signed) DENZIL R. ONSLOW,

Secretary to the Currency Commission.

ANSWERS

FROM

POLITICAL AGENTS.

From the Assistant Resident, Baroda,—dated the 9th April 1866.

No. 1.—No.

No. 2.—They hoard up gold merely as a reserve for value.

No. 3.—There is no gold coin current here. The English sovereigns are taken for making ornaments, &c., at a fluctuating rate of about 10 rupees each.

No. 4.—None.

No. 5.—They are brought in according to the wants of the dealers.

No. 6.—In both.

Nos. 7 and 8.—Vide Nos. 3 and 4.

Nos. 9 and 10.—No.

No. 11.—Yes, there is one in the city.

No. 12.—Silver generally, and gold very seldom.

No. 13.—No, none is exported from Baroda.

From the Political Agent, Bhopal; dated Sehore,—the 23rd February 1866.

I have the honor to acknowledge the receipt of your letter dated 16th instant, and with reference thereto, to furnish all the information in my power.

To make the replies more plain, they are numbered according to the series of questions.

No. 1.—Gold coins are not used in currency in the States under this agency.

No. 2.—Gold coins are largely hoarded as a reserve for value. They are also employed for speculation, being bought when cheap to be sold when the price rises. There are also time bargains in gold coins.

No. 3.—The gold coins in the bazars are of a much higher value than Rs. 10-4.

No. 4.—The coin most in use is the Jeypore gold mohur; its price varies from Rs. 16 to Rs. 16-8.

No. 5.—There is a very large importation of gold and silver into these States. The import of gold is greater than that of silver.

No. 6.—It is imported in bar and sheets, as well as in coin; the China gold and silver being preferred to any other.

No. 7.—The sovereign is taken by the Natives, but is very rarely seen by them in these parts.

No. 8.—It is not current; but when offered, the soucars purchase at from Rs. 9-4 to Rs. 10.

No. 9.—No.

No. 10.—No notes are received.

No. 11.—Yes, Her Highness the Begum of Bhopal has a Mint.

No. 12.—It turns out silver only. The value of the rupee is 10 per cent. less than the Government rupee.

No. 13.—The Jeypore gold mohurs are largely exported to all parts of India, to British provinces as well as Native States, for hoarding and other purposes.

From the Agent to the Governor General for Central India,—dated the 15th March 1866.

I regret that there should have been such delay in furnishing the information called for in your letter of date 16th ultimo, which has been owing to the necessity of awaiting the result of enquiries in Bundlecund and the other districts under this agency.

I have now the honor to forward a statement of replies to the several questions put by you, which may be accepted as generally applicable to these territories, excepting, possibly on some minor points, Gwalior and Bhopal,—the Political Agents of which have addressed you direct.

From the returns received from officers under the Central India Agency, it would appear—

No. 1—Gold coins are not much used in currency within the States under this agency.

No. 2.—They are generally hoarded as a reserve for value.

No. 3.—The Native gold coins most in use bear generally a relatively higher value than the sovereign.

	Names of coins.	Current value.
1	Jeypore mohur ...	Rs. 16 to Rs. 16-12.
2	Mahomed Shahee mohur ...	Rs. 20.
3	British mohur	Rs. 15.
4	Sequin	Rs. 6.
5	Pootli	Rs. 5 to Rs. 5-8.

No. 4.—The Native gold coins, which are known within the limits of this agency, are those noted in the margin.

No. 5.—Excepting in Indore and the Western Malwa district, there is hardly any importation of gold and silver.

No. 6.—Gold and silver come in large quantities to Indore and Western Malwa district,—the former in bars, leaves, ingots, hoops and in Jeypore mohurs; and the latter in bars, hoops and Native rupees.

No. 7.—The English sovereign is but little known in the States under this agency where met with, it is considered much alloyed.

No. 8.—The English sovereign varies in value from Rs. 8-12 to Rs. 10, and is nowhere current in the bazars.

No. 9.—Government currency notes do not come as hoondees from the Presidency towns or other circles of issue.

No. 10.—This is answered by the reply to No. 9.

No. 11.—There are Mints within this agency, at Indore, Oojein, Jowra, Rutlam, Sillana, Bujrunghur and Erapore, besides those reported on by the Political Agents, Gwalior and Bhopal.

No. 12.—Only silver and copper coins are turned out at these Mints.

No. 13.—Excepting the Bundelcund district, no large proportion of Native gold coins is exported to the British provinces, for the purpose of forming reserves of value.

From the Political Agent, Gwalior,—dated the 24th February 1866.

I have the honor to acknowledge the receipt of your letter dated 16th instant, and in reply, beg to submit the information I have been able to obtain, as to the relations of gold and silver in the capital of the Gwalior State.

No. 1.—Gold coins are freely current, and to the value of about four lakhs of rupees per annum.

No. 2.—Gold is hoarded as a reserve by bankers and private individuals, and a proportion melted down for ornaments.

No. 3.—The value of the British sovereign, on this date, is Rs. 9-14, or Rs. 14-11 per tola weight; and its value is lower in the market than the current gold coins. Taking the value of the sovereign at Rs. 10-4, and its market value Rs. 14-11 per tola, and comparing it with the mohur at Rs. 16, and its value per tola Rs. 17-13-7, the difference between the value of the gold of the two coins is apparent, *viz.*, Rs. 3-2-7 per tola.

No. 4.—The following gold coins are current :—

	Rs.	As.	
1.—Shahjehan mohur	16	1	
2.—Alumshai	15	15	
3.—Furruckabad	20	13	
4.—Old Jeypore	16	0	
5.—New Jeypore	15	14	
6.—Gwalior	15	12	
7.—British sovereign	9	14	
8.—Old Portuguese coin	20	0	per tola.

No. 5.—There is a large importation of silver and gold.

No. 6.—The importation of gold may be estimated at the value of four lakhs of rupees per annum, in the following proportions :—

	Rs.
Old and new Jeypore gold mohurs	3,50,000
British sovereign	15,000
Other gold coins	35,000

Silver to the value of 50 lakhs of rupees is annually imported in the following proportions :—

Bars, China	10 lakhs.
Coins, chiefly dollars, valued at 210 rupees per 100 ...	40 „
Total ...	50 lakhs.

No. 7.—The Natives generally consider the gold of the sovereign as inferior.

No. 8.—The sovereign is current in the bazars at the above stated rate, Rs. 9-14 each.

No. 9.—Government currency notes do not, as a rule,* come as hoondees from the Presidency towns; they would be used for remittances, but the practice is prohibited by the British Government, and Native bankers are not allowed to have currency notes to any great value.

* Financial Department order, No. 1763, dated 7th August 1865.

No. 10.—The bankers will cash currency notes in the city at a discount from 6 annas to 8 annas per cent.

No. 11.—There is a Mint in the city of Gwalior, and also in Jhansi, Narwur, Esangurh, Bujrungurh, Bhilsa.

No. 12.—In the Gwalior Mint, gold and silver is turned out in the following proportions :—

	Rs.	
Gold mohurs to value of	15,000	Annually.
Silver	40,00,000	

No. 13.—It is known that gold to the value of two lakhs of rupees is annually exported from Gwalior to the British Provinces.

From the Political Agent, Kattywar,—dated the 5th March 1866.

I have the honor to reply *seriatim* to the questions contained in your Circular dated 16th February 1866.

No. 1.—None.

No. 2.—Gold is only hoarded in the shape of jewellery, ornaments, or China leaf-gold.

No. 3.—No Gold Currency.

No. 4.—No Gold Currency.

No. 5.—Yes; but of gold to twice the value of silver.

No. 6.—The silver comes in bars and Government rupees; the gold in bars only.

No. 7.—In this province, the English sovereign is not known or used.

No. 8.—Answered above.

No. 9.—An assembly of leading merchants state, that none of them have ever seen a Government currency note.

No. 10.—Answered above.

No. 11.—Yes; three Native Mints.

No. 12.—In one of these (Noanuggur), gold coins to a considerable extent were coined about two and a half years ago; but the relative value of gold to silver subsequently increasing, they have all disappeared from circulation.

No. 13.—Formerly there was an importation of Jeypore mohurs into Kattywar, but it has ceased for the last four or five years, and the merchants state that they believe the whole store has been generally broken up for ornaments.

From the Political Agent in Kutch,—dated the 8th March 1866.

I do myself the honor to acknowledge receipt of your Circular dated 16th ultimo, and to reply to the questions contained in it *seriatim*.

No. 1.—To a considerable extent. Gold has been introduced as an auxiliary to the Silver Currency in Kutch for about ten years, during which time about 3 lakhs of gold korees have been coined, or equal in value to silver korees 79,50,000, equal to Rs. 20,97,625-5-3. Of this a large quantity has been withdrawn from circulation, and there may be now circulating throughout the province about one lakh of gold korees. The rest has probably been hoarded by the agriculturists, or made into ornaments, and a few taken out of the country.

No. 2.—The merchants and *sahookars*, as a rule, do not hoard the gold coins, as they lose interest on their money; it is only the agricultural classes who do so. Gold coins are always to be had in the bazar of the large towns, unless a large quantity be required at once. They are much in request with travellers as more convenient to carry.

No. 3.—The gold coins here are always to be had for their fixed standard value, as compared with the silver korees, *i. e.*, no extra charge is made for gold.

No. 4.—The Kutch currency is really a silver one; the koree is always liable, in mercantile transactions with other countries, to fluctuation according to exchange, which is chiefly affected by the state of the Bombay market. British rupees are not current in Kutch; but to avoid the constant difficulty that would needs arise from a standard so uncertain, all Government transactions at the Government Treasury here are made in silver korees. The mean value having been ascertained at the Mint in Bombay to be korees 379 to the Rs. 100, all issues and receipts at the agency treasury are made at this rate. The gold coinage is as follows:—The gold koree equal to silver korees 26¼, equal to Rs. 6-15-11. Gold pieces of korees 100 each, or nearly equal to Rs. 26-6-2 at 379 korees to the 100 rupees are now being struck at His Highness' Mint for circulation, but have not yet been issued.

No. 5.—Yes; but it depends very much whether the Durbar Mint is working or not, and on the exchange. On an average 100,000 tolahs of gold, and between 2 and 3 lakhs in silver dollars are imported yearly, besides about 6 lakhs of tolahs in silver bars for manufacture, but for the last two or three years the Durbar Mint has been in active operation, and the imports have been much larger. The Kutch gold and silver smiths consume nearly the whole of the above quantity of gold and silver.

No. 6.—The gold chiefly is imported in the form of bars, but also (say about one-fourth of the whole) in coin, such as Venetian gold dollars, and a few sovereigns and 20 franc gold pieces. Silver is chiefly imported in dollars and in bars.

No. 7.—The Natives like the sovereign for its color and hardness; but they consider it inferior in purity to the gold coins of the country. The difference between a tola of Kutch gold coin and the same quantity of English sovereign is nearly 14 as. value. The English sovereign is much used for breaking up and making into ornaments.

No. 8.—No; but it may be bought in the large towns in small quantities. Its value in the market is above Rs. 10 each, and ranges from Rs. 10-2 to Rs. 10-6. The commercial rates depend on the exchange chiefly with Bombay.

No. 9.—No; they are almost unknown here.

No. 10.—Such as do find their way here are bought at a discount.

No. 11.—Yes; His Highness the Rao's at Bhooj.

No. 12.—Both silver and gold.

No. 13.—No; it is not generally known; and I do not think the practice exists to any extent as regards this province, because the Kutch gold coins are issued from His Highness' Mint, depreciated to the extent of the coinage expenses, or about 2 annas on the 26½ gold piece, so that it would be cheaper to buy pure gold in the market. The coins are, however, taken hence by travellers and sold to merchants in Bombay or elsewhere connected with Kutch, who wait a favorable opportunity in the exchange to remit them back to Kutch. No inconvenience seems as yet to have been felt here from the double standard. Of course, the currency for Kutch employs but a small amount of either silver or gold comparatively speaking. The people seem to appreciate the convenience afforded in travelling and in mercantile transactions by the more valuable and consequently less bulky medium. The information given above as to the extent of importations of gold and silver, is not to be implicitly relied on, as there are no data from which to form a correct estimate of the amount: it must, therefore, only be taken as an approximation based on information received from the Native shroffs and bankers.

From the Political Agent, Munnipore,—dated the 10th March 1866.

With reference to your Circular dated 16th ultimo, I beg to state that in this half-barbarous state, gold coins are not used in currency at all, nor are they hoarded. They are made into ornaments. The sovereign is unknown. The gold mohur is the only gold coin known, and bears value according to the quantity of it in the market. The import of gold is not large. There is a considerable importation of silver, chiefly in rupees, from the British provinces. Some little in lumps comes from Burmah. Government currency notes are unknown. The currency of Munnipore is a small bell metal coin, which is coined from time to time by the Rajah.

From the Under Secretary to the Government of India, Foreign Department, to the Secretary to the Currency Commission, Simla,—dated Simla, the 27th April 1866.

I am directed by the Governor General in Council to forward herewith a letter to your address from the Resident at Nepal, No. 20, dated the 5th instant.

From the Resident at Nepal,—dated the 5th April 1866.

1.—In reply to your Circular of the 16th of February, I regret to state that owing to the jealous objections of the Nepal Durbar to all enquiries upon our part of a statistical nature, I have been unable to obtain reliable information upon several of the points therein adverted to, *i. e.*, those referring to the importation of gold and silver into Nepal, and the particulars of the operations of the Nepalese Mint.

2.—I submitted a series of questions upon these subjects to the Goorkha minister, who promised me that he would obtain answers to them, if practicable, and he has now, after a delay of several weeks, sent me a paper of replies which are so evasive and unsatisfactory as to be utterly worthless; at the same time he has told me that, in the absence of detailed returns, it is impossible for him to give me more comprehensive information.

3.—With regard to your first and second queries, I reply that gold coins are very rarely used in currency in Nepal, and in consequence of the small number coined, they can be but little hoarded as a reserve for value. I am told that gold mohurs are only coined in the Nepalese Mint in sufficient numbers to supply the requirements of the sirdars and of the wealthier merchants of Khatmandoo, who purchase them to offer as nuzzurs to the king, the minister, and other high functionaries, or to make up into gold ornaments. Some of the sirdars occasionally receive a portion of their pay in gold, but only enough for those purposes.

4.—With reference to your 3rd, 7th, and 8th questions, I beg to state that the English sovereign is unknown in Nepal, * and the Nepalese gold mohur is so very rarely used as a medium of payments, that I am unable to estimate with any degree of accuracy what might be the probable relative value in the bazars of Khatmandoo of the two coins, especially as it is many years since the Nepalese coinage was assayed by our Mint authorities, and I have no other means of ascertaining what the actual intrinsic value of the two coins may be.

* An isolated case occurred here the other day of an English sovereign being sold by a pilgrim to a merchant in the bazaar for 7½ rupees.

5.—In reply to your fourth question, I beg to observe that there are several descriptions of gold coins known, though they cannot be said to be current, in Nepal, *viz.*, the double gold mohur, the nominal value of which is regarded by the Durbar at Nepalese Rs. 24, or British rupees (say) 20; the single gold mohur; the quarter gold mohur; and several smaller coins, some of them so minute that their value is not more than the fraction of a rupee. The last mentioned coins are considered as mere curiosities, and are very rarely procurable. In the bazars, the price of the gold mohur fluctuates considerably, and depends entirely upon the gold it is supposed to contain, the amount of the alloy in the currency depending, it would seem, upon the arbitrary will of the minister for the time being.

6.—I have just stated that the double gold mohur is valued by the Durbar at Nepalese rupees 24, or British rupees 20; the single gold mohur is valued at Nepalese rupees 12, or British rupees 10, and so on; but single gold mohurs can often be bought for British rupees 6-10-8 each, and some times they cost about British rupees 8-5-4 each, but rarely more than the last mentioned sum. The old Moorshedabad gold mohur is much coveted here, and costs from 21 to 22 British rupees, whilst those of a later coinage can be bought for about 20 British rupees. The ordinary gold mohur struck at the Calcutta Mint (Company's currency) is hardly known in Nepal, and is not in any request.

7.—In answer to your questions Nos. 5 and 6, respecting the importation of gold and silver into Nepal, I regret to state that I cannot pretend to afford the Currency Commission any positive information upon the point; but the following is the result of my enquiries upon the subject from the merchants of Khatmandoo, who, however, state that their estimate is a very rough one. They say that, in their opinion, from five to eight thousand rupees' worth of gold, and about two thousand rupees' worth of silver, are annually imported into Nepal from

Thibet, the former in the shape of grains or dust, the latter in nuggets; and Dhurumnarain Shahoo, a comparatively wealthy merchant of Khatmandoo, a Nepalese subject, the Durbar's confidential adviser upon all fiscal and commercial matters, whose pernicious monopolies (in partnership with the highest functionaries) cripple every branch of trade in the country, is said to import about 25 thousand rupees' worth of gold into Khatmandoo, chiefly, I believe, Australian gold in bars.

8.—The Durbar, in reply to my questions upon this particular point, have merely observed that, as gold ornaments brought into Nepal from Thibet are not liable to tax, all the gold imported from that country comes into it in the shape of ornaments,* of which no account is kept, and that it is not, therefore, known what amount is so imported; and again that, as taxes of all descriptions are collected, in some places by Government officers, and in others by contractors, who pay fixed sums for the privilege of collecting the taxes, without giving any account of the imports upon which they are levied, it cannot be ascertained how much gold and silver are annually brought into the country, nor is it known in what shape these metals are imported.

* This is quite at variance with the merchants' statements, which, I consider, are the most to be relied upon.

9.—When specie is brought into Nepal from the British provinces, no tax is levied upon it, but a tax of 2½ per cent. is levied upon all British gold and silver coins that are taken out of the country.

10.—Your 7th and 8th questions regarding the British sovereign have been answered in my 4th paragraph.

11.—In reply to your questions Nos. 9 and 10, I beg to observe that our Government currency notes have not yet found their way into Nepal, that is to say, they are not commonly used at Khatmandoo, though they may occasionally come into the possession of merchants who trade with the British provinces.

12.—With reference to your 11th and 12th questions, my enquiries amongst the merchants here have elicited that they believe that the Nepalese Mint usually turns out about 3 lakhs of rupees annually, and that to keep up this supply of silver, British rupees are melted down to a considerable extent, and that the British rupee, worth, say on the average 27† gundas, is, with the addition of alloy, converted into three Nepalese mohurs, which pass current as 33¾ gundas. Of the gold coinage they cannot give me an estimate, though they say that the amount cannot be large.

† A gunda is 4 pice.

13.—In reply to my questions upon these two points, the Durbar, evidently unwilling to furnish the required information, has vaguely observed that silver is coined at the Mint according to the quantity that is annually imported into the country (which cannot be ascertained), and that, when it is known that gold is cheap either in Thibet or in Hindoostan, it is purchased and brought into Nepal and coined until the metal has risen in price, but that it cannot even be ascertained what the amount of the gold coinage is.

14.—For the reasons specified in my replies to your first few questions, it is very improbable that any considerable portion of the gold coinage of Nepal is exported into the British provinces.

15.—The ordinary silver coin of Nepal is the mohur or half-rupee; the British rupee is also current at Khatmandoo and the Terraie, but not in the mountains nor in the valley of Nepal Proper, even to a distance of a few miles from the residency. The Nepalese or mohuree rupee, as it is called, may be considered as a nominal coin; a few of these are occasionally struck off, but they are not in circulation, and are so uncommon that I have more than once tried to purchase one in the bazars without success.

16.—The relative value of the mohur and the British rupee, upon the average, may be stated as 11¼ to 27, that is, a mohur passes current at 11¼, and the British rupee at 27 copper gundas. The price of the mohur seldom varies, but the price of the British rupee annually fluctuates. During the summer and rains, it generally falls to 26½, some times to 26 gundas, and at the commencement of the cold weather, it again rises to 27 gundas.

17.—The revenue of the Teraie is collected in British rupees, and I am told that about 15 or 16 lakhs of our rupees are annually brought up to Khatmandoo and lodged in the Government Treasury, a small portion of which is sent to the Mint to be coined into mohurs, and the remainder gradually finds it way back again to the low country, chiefly through the hands of Dhurumnarain, the individual alluded to in my 7th paragraph. He has firms at Calcutta, at Patna, at Benares, and elsewhere, besides cutcherries at many places on the frontier, and I believe that most of the transactions of the Nepalese merchants in bills and hoondees, pass through his establishments, and that although parties who have comparatively small payments to make in the British provinces take down British rupees with them from Khatmandoo, those who have extensive dealings with the plains of India purchase bills from him at a premium of about 3 per cent, by which they avoid the risk and difficulty of carrying specie, as well as evade the tax of 2½ per cent., which the exportation of our coinage involves.

18.—I regret that I have not been able to reply in a more satisfactory manner to your circular under acknowledgment. The Nepal Government could doubtless furnish, in minute detail, the information desired by the Currency Commission with reference to the Nepal State, but without its consent it is not possible for me to obtain it,

19.—Since drafting the 16th paragraph of this letter, I have been informed that Maharajah Jung Bahadoor has issued an order making a change in the currency of Nepal, by the substitution of machine-made coins for those made by hand, which have always hitherto been in use, and a large quantity of the new coin is now ready, though it has not yet been thrown into circulation. *Nominally*, the new gold and silver coinage is declared to be the same as the old one, but I suspect there will be much more alloy in it; but the copper coinage is quite different, and it is now ordered that the new Nepalese pice shall be declared to bear the same relative value towards the Nepalese rupee as the British pice does to the British rupee, *i. e.*, that the value of a mohur shall henceforth be fixed at 8 instead of, as at present, 11¼ gundas. By this new arrangement, if it really be *carried out*, the British rupee will, for the future, pass in Nepal at about 20 *instead of* 27 gundas. The measure, however, will cause so much discontent to all classes; so much hardship and misery to the lower orders, that I sincerely trust it will fail. It has been designed without reference to the comparative value of copper and of silver, and although much that could not be carried out by a civilized and constitutional Government with a civilized people, may be enforced in a purely despotic Government like that of Nepal, the confusion that will result from this arbitrary change is not unlikely to defeat it.

From the General Superintendent of Operations for the Suppression of Thuggee and Dacoity, dated the 25th April 1866.

I regret that I should have been unable to answer your reference on the subject of the gold and note currencies earlier from press of time, and I fear that my imperfect information will be but of little service to the enquiries of the Currency Commission; but such as it is, I proceed to submit it.

No. 1.—The Native community seldom use them as current money; but at Bombay, Madras, and Calcutta, sovereigns are a good deal in use.

No. 2.—They are hoarded as, what is called, a *jumma-bunnee* or a reserve capital to meet any emergency, but they are more generally hoarded for hoarding's sake only. I

cannot in this matter speak with confidence as to *sovereigns*, for reasons to be detailed in reply to the next question, but I refer to Venetian sequins, Austrian ducats, German crowns, Ashruffees, and other fine gold coins. Perhaps ordinary gold coins, that is, of more alloy in them than of convertible gold, may be some times passed; but, for the reason of their alloy, they are not much cared for as a *possession*.

No. 3.—Fine gold coins being of a greater value in a smaller space, certainly bear a higher rateable value, and therefore English sovereigns do so. Of all gold coins the *sovereign* has the greatest demand, but for transmutation purposes rather than as a currency. The English sovereign weighs 8 *massas* and 1 *ruttee*. It is beaten out into a thin sheet. Some earth called *geroo** and some salt are next spread over this sheet, and it is then submitted to fire. By this process, 6 *ruttees* of it are burnt out as dross, *i. e.*, 6 *ruttees* of alloy and 7 *massas* and 3 *ruttees* of best gold are produced. This gold is sold at the rate generally of 16½ rupees the *tolah*; and as twelve *massas* make one *tola* (180 grains Troy), the recovered gold yields about Rs. 10-10 in the market. The process of beating out and the ingredients used in transmuting, &c., as above, cost about 2 annas. Thus, even if the coin be purchased at so high a rate as Rs. 10-4 each (which is more its price at the Presidency towns than up-country), a profit of at least 4 annas per sovereign is acquired by purchasing it for the sake of its gold, and it is by Natives in the interior more frequently purchased for that purpose than for any other. A large consignment of sovereigns from Bombay plundered in transit not long ago, was sold by the dacoits at a little more than 5 rupees for each. In Hyderabad and other large Native capitals, sovereigns seldom command more than Rs. 10 each.

* Red ochre or ruddle.

No. 4.—*Punnahs* and *pootlees*, dollars from China, Venetians, imported through Balkhand Bokhara, used to be very plentiful; but since the importation of sovereigns and the habit of melting them down, they are not enquired for. *Punnahs* from Calcutta, or gold medallions bearing the Mint stamp, have a kind of currency, but it is artificial only, being so used in exchange for money according to its touch. The Jeypore *gold mohur* has a fair demand in this neighbourhood from the propinquity of the Mint, and on account of its intrinsic value; but that coin is more generally hoarded, or is used for ornaments for children and females. It too, is melted down, but without the same profits as the sovereign. The Jeypore gold mohur fetches on the average 16 rupees for each. European gentlemen are very fond of getting ornaments made from this coin. But the intrinsic value of the Jeypore gold mohur, that is, its *unalloyed gold value*, is Rs. 17 the *tola*. But when submitted to purification in the same way as the sovereign, no more than 10 *massas* and 7 *ruttees* of pure gold are obtained from each coin at Rs. 17 the *tola*. It, therefore, bears a relatively lower value in the bazar than the English sovereign. The Government gold mohur bears a value of about 15 rupees when sold, and of a few annas extra when bought.

No. 5.—Yes; gold from Calcutta in *lurrees* or ingots of 50 *tolas* each, and silver from Bombay across country in *khoors* or hoofs of no standard weight. The gold is sold as merchandize at about 16 rupees the *tola* when not hoarded. The silver is converted into cash. About Rs. 106-4 is the Mint out-turn for 100 *tolas* of bar silver. In the bazaar, the price is from Rs. 104-12 to Rs. 107 for every 100 *tolas* according to the state of the market. Imported silver in bar is generally "17 better" (than English standard), which would be equal to about 3 parts alloy to 237 parts of fine silver.

No. 6.—Yes, in both. But silver comes more in bullion, and gold more in sovereigns, silver money not being so profitably convertible into raw silver. It may be said that, except a limited quantity of gold medallions or beaten gold bearing the Mint marks, very little gold is received except in *sovereigns*. This may be said also of the gold received in the Presidency towns. *Gold leaf* from China is only received for manufacturing purposes, as for gilding, &c.

No. 7.—They like them very much for the reasons given under question No. 3. They never object to receive them in payment throughout India at rates varying from Rs. 10 to Rs. 10-4. But the Natives sell them *like merchandize.* In Madras, they generally bear the highest value, being there always at a premium; the George and Dragon sovereigns, being at Madras and along its coast, as high often as Rs. 10-6 to even 10-8 each! Although this would, according to the smelting practice above described, still leave a premium of about 2 annas the sovereign, I think the high rate paid by Natives down Madras is attributable more to a *mere fancy* for the coin than anything else.

No. 8.—This question has already been answered. They are obtainable in the bazar every where for Rs. 10-4, Rs. 10-3, Rs. 10-2, Rs. 10-1, and Rs. 10 each, *and the price of the sovereign regulates the price of gold.* This, I think, is a satisfactory proof that the English sovereign is chiefly converted by Natives for the purposes of transmutation. In the towns and cities of Central Provinces, the English sovereign has still to be generally known.

No. 9.—They have no currency wherever I have been in the interior. They scarcely come anywhere at all, except at a discount of never less than 2 per cent. If taken at all, they are sent to the Presidency towns for realization, that is to say, *to be cashed.* They are not used as a circulating medium in lieu of money. If remittances are required for the interior in payment of produce, they are generally sent in silver. Currency notes would, in fact, seem to be distrusted. They are even rejected at the treasuries except to travellers.

No. 10.—At a discount always. They cannot be encashed at the Government treasuries and only at a bank at 2 per cent. discount. If sent away anywhere, there is the objection of risk and cost of transit. The latter may be trifling, but notes are, nevertheless, objected to on account thereof. If required for cash purposes, say at a Presidency town of any where, they will be purchased, *but at a discount only,* and then sent there for encashment if any one will venture the risk. But if money be required, say at Delhi, as an exchange transaction from Calcutta, the *risk* is an obstruction to the note being purchased at Delhi and sent to Calcutta for encashment and negotiation. If notes of one circle are paid within another, discount is the inevitable result. Hence the reason they are disliked. The persons who accept them of course send them back for encashment, and as interest is lost in time of transit and risk run, they are acceptable only *at a discount.* It was observed during the share crisis of 1864 at Bombay, that very few 1,000-rupee notes were in circulation, and it was presumed that notes of that high value were used by Natives as a *reserve,* nobody knowing who was a sound man. In Presidency towns, only the larger transactions between Natives and Europeans, and Natives *inter se,* are in notes.

No. 11.—Yes, at Ulwur, Jeypore, Puttiala, &c.

No. 12.—Gold coins a little, and silver and copper money a good deal.

No. 13.—But little is brought. Native Gold Currency has no particular money value in British territory, *sovereigns being the only valued gold money.* The reserves of the poorer classes are kept in articles of jewellery. Now-a-days, almost every cooly or common laborer may be seen with his silver *kurdorah,* or waist belt, and his wife with a silver *machputtee,* or zone, or with neck-chains or wristlets and arm ornaments.

Having thus answered these questions, I would venture to advert to the general question relating to the introduction of a Gold Currency and the working of Act XIX of 1861, in respect to a Government Paper Currency. I do so, however, with some diffidence, from the small attention I have paid to such matters.

The Government currency notes are probably of some use at the Presidency, and at very large towns in India, but it would not generally seem that they are of much use except to mahajuns making remittances. If there is a demand for money at a Presidency town, and hoondees should be at a premium of one rupee or more per cent., Native money-dealers or shroffs in the interior would probably buy up all the notes and send them, say to Calcutta, *but*

only for encashment. The local Government treasury might thus be swamped! In the case, too, of an universal note currency—we may suppose twenty or more lakhs of rupees to be required for the purchase, in the interior, of some raw produce, say cotton—merchants would naturally remit notes for the purpose instead of specie, and demand cash payment upon them at the first Government treasury. Would the money be always forthcoming?

The Native community indeed seldom have recourse to currency notes in their private money transactions; and Native bankers only use them for remittance purposes when hoondees on the place where the money should be wanted are at a a premium. But they will seldom take them up except at a discount.

This depreciation may be attributable, indeed it is in a great degree attributable, to the Government notes not being *cashable* at the local Government treasuries, which even if they were, there would still be the objection that holders of notes in places where they were not in general use and living at a distance from treasuries, would be unable to get them cashed except by going there. Distrust and the risks cause this. But the strong objection is, *that they do not like notes*, as if lost, or, perchance, destroyed by any accident as by white-ants, a difficulty would be experienced in recovering their value.

Treasury officers, moreover, would naturally have few facilities for cashing currency notes, since they would seldom find any one ready to accept payment from them, say, of their pay, pensions, or gratuities, in notes, the full value of which might not be obtainable elsewhere.

Is there any remedy for this? The remedy can at best be but an arbitrary one, namely, by declaring a currency note a legal tender in every money transactions, by making a refusal to receive it punishable, by legalizing a refusal to cash it, by declaring it illegal to sell or purchase it either at a discount or at a premium, by making notes as plentiful as money now is! But this would not be submitted to. The example would be *American.*

But no number of circles would promote the reception of a Paper Currency by the Native population. They have never mentioned such a requirement. They do not want it. Their hoondees have, from the oldest times, faithfully served all the purposes they discern notes to possess. A hoondee, too, is readily replaceable by a duplicate, but great delay and trouble is experienced in recovering the value of a lost Government note. But there lies a chance of a greater circulation, in the creation of a greater number of treasuries of conversion, that is, in which notes shall be cashed.

This plan of having one universal note for all India *convertible in all treasuries* and not at the Presidency towns only, and at certain specified towns, would seem, if the question be entertained at all, to be the only means of adding to the circulation of Government notes but even then, except under the arbitrary legislation above glanced at, mahajuns would perhaps be the only parties, or at any rate they would be the *principal* parties, who would make use of the notes, and they would only do so for the purpose of remittances, buying the notes at a discount and sending them down for encashment where money was dear and the exchange at a premium. In the present stage of Native civilization, there would be no confidence whatever, according to my apprehension, in such a currency, the *de quoi* being their ruling principle!

But if the note currency system is to be developed, it would seem that to make it tangible at all to the masses, *through whom only could it aim to be an institution of the country*, notes of so small an amount as for 5 rupees would be a reasonable innovation. For, at present, it is only in respect to the humbler classes that notes of such small value would seem to be at all required.

But would Natives like a Gold Currency? Yes, if made a legal tender, but they would still cling to their fondness for the English sovereign so long as it was procurable. A continued importation of the sovereign in its present component proportion of gold to alloy

would probably retard the progress of a healthy Gold Currency. But gold money would, nevertheless, be principally liked for its *gold, for conversion into ornaments and to be hoarded.* For in respect to the facilities a gold coinage would offer to travellers or for specie consignments, the Native would, in keeping with his predilection for hoondees, still prefer—the unmercantile community certainly—to convert his little money into some gold ornament, a *bangle* or such like, or into a piece or strip of gold, to any ready money.

Gold coins would be preferred to notes. It would probably require a lapse of two or three generations to accustom the Natives of this country to appreciate a Paper Currency. Their crass ignorance is not easily overcome, and it is thought that a Gold Currency would have an opposite effect to helping the establishment of a Paper Currency. For all Natives would prefer possessing gold coin *to having the same value in any notes.* They would convert their notes into gold, and keep that gold stowed away in their safe possession.

APPENDICES.

APPENDIX I.

From the Commissioner of Cooch Behar, to Sir C. TREVELYAN, K. C. B.,—(*dated the 22nd February* 1864).

It has occurred to me that some observations regarding our Paper Currency made by myself, or rather a narrative of my own experience during recent travel, might be of some use, in an humble way, if communicated to any one having interest in the matter, and authority to interfere. It seems to me that the Paper Currency has not as yet had fair play. Trifles, such as I shall relate, are, I think, likely to have much influence with the public.

In January I discounted an audited Pay Bill at the Dacca Branch of the Bank of Bengal; either from the absence of more suitable Notes, or some misunderstanding, a large sum was paid to me in 10-Rupee Notes, Rs. 1,000, I think. These Notes had received a local stamp of green paint, and consequently adhered together. Thus, I repeatedly ran risk of loss. I had only been waiting the arrival of the money to start with the tide from Dacca for Kooshtea, and was unable to ascertain whether any other description of Notes were obtainable.

In Calcutta I paid Rs. 350 with these 10-Rupee Notes to an Up-country Native. He rather demurred at receiving them. I told him he would be able to get them changed at the Bank of Bengal without difficulty; and, finding that he was still reluctant, took him to the Bank. When the proper Department had been found, which I would suggest should be rather nearer the entry, I found a crowd (exclusively of Natives) assembled, endeavouring to get change for Notes. As soon as I managed to get a hearing and handed in my Notes, I was requested, with a view to expediting matters, to enter the Nos. on a form presented for the purpose and sign it. Though it was eminently inconvenient to do so in a crowd of Natives, I patiently went through the task and handed in my Notes. They were counted, and I was assured one was missing to make up the right sum. It seemed to me improbable, but as the clerk went over the list and counted the Notes in my presence, and as I had been looking steadily at him all the time, I had no option but to believe I was mistaken. My Notes were now handed to several clerks in turn. I observed the first of this second corps separate a Note, and at once concluded that it must be the missing one, which had adhered by its paint to its neighbour; this proved correct, and I saved 10 Rupees. Whether the clerk would or would not have eventually brought his discovery to my notice, I judged, from his manner, to be a doubtful question. My Notes, or the documents on which they were paid, passed through six different hands, and I was thrice asked my name before I got cash. All this time the same crowd continued to throng the bureau of Exchange, and all were, I believe, treated with the same impartiality as myself. When eventually I received my money, I found that full three-quarters of an hour had been spent in obtaining it, and I came to the conclusion that obtaining change at the Bank was not, after all, so very facile; after this I obtained payment for an audited Salary Bill. This operation only occupied 20 minutes. I would suggest an unpremeditated visit to the Exchange Department of the Bank any day between 11 A. M. and 3 P. M., and would ask if the scene enacted there is not certain to place Government Notes at a discount. The staff is palpably not half sufficient for the purpose with the system in use.

At Benares I again had recourse to the Branch Bank, and would have been glad of a few small Notes; only one for Rs. 50, and none less, was to be had, so I was fain to take one for Rs. 500. I was told that the smaller Notes were in greater demand, but not to be had.

With my 500-Rupee Note I travelled to Dinagepore, where, as it was rather inconvenient to take and carry so large a sum in silver, I sought smaller Notes, but here again none were to be had, either in the Treasury or from the Bazar, and I was compelled, therefore, to take six and a quarter seers of Silver with me in my Palkee to this place.

With these facts before me, I think I am warranted in saying that the Paper Currency has not fair play. I would certainly rather pay discount to a Shroff than venture to cash a Note at the Bank of Bengal; and I fear the difficulty I have noticed must be felt in a greater degree by Natives not in the habit of resorting to the Bank, who may become possessors of a Note. Again, if people are liable to suffer from a plethora of small Notes at one place and a famine at another, they will be cautious in using them, and who could suppose the possibility of scarcity at Benares.

Having no object in view, but in my humble way to support a Government measure, by showing how it may be better adapted to the public convenience, I trust you will excuse the liberty taken in thus addressing you.

APPENDIX II.

Circular from the Secretary to the Government of India, Financial Department, Simla, to all Deputy Commissioners of Paper Currency,—(No. 2622, dated the 29th September 1865).

Deputy Commissioners of Paper Currency cannot legally refuse to give Notes of any of the authorized denominations they may have in hand in exchange for Silver, or for Notes of the Government of India payable to bearer on demand of other amounts issued within the same Circle, tendered under Section 9 of the Currency Act.

2. The object of the Paper Currency was to provide a convenient and well known substitute for coin in the ordinary and every-day business of the country, and not to provide facilities for the larger transactions of commerce, which are usually carried on by Banking operations and by negotiable instruments peculiarly adapted to such purposes. The employment of a Government Promissory Note payable to bearer on demand as a Mercantile Bill, though it may be occasionally incident to, is foreign from the main object and use of a circulating medium, and is excluded from the scheme of a Paper Currency recently instituted for the accommodation of the public.

3. Every Deputy Commissioner of Paper Currency should, therefore, keep such a supply of Notes of every denomination in his Office as he may think sufficient for internal use in his Circle, with a margin to meet all reasonable demands from private individuals for remittances for their personal convenience. As Notes required for such purposes will be generally those of the lower denominations, the stock in hand should be regulated accordingly. Every Deputy Commissioner would, of course, be obliged to supply Notes out of that stock in exchange for Silver, and Notes tendered under Section 9 for whatever purpose they might be required, and it would be his duty to replenish that stock as it was expended. But for the reasons above stated, it is not necessary that he should keep a disproportionate stock of Notes of the higher denominations.

4. As regards the issue of Notes by Treasury Officers, the previous orders must remain in force.

APPENDIX III.

From J. L. SMITH, ESQ., *Manager, Uncovenanted Service Bank, Limited, Agra, to the Assistant Deputy Commissioner of Currency, Allahabad,—(No. 5614, dated the 22nd November 1865).*

With reference to this enclosed letter, may I beg to know whether the Notes of the Allahabad Circle of Issue can be refused when offered in payment of Cheques. The Government have, I believe, made such Notes "legal tenders," and we receive them as such when paid to account, and it would be hard if a Government Institution was to refuse to take them in payment. An early answer will oblige.

From A. SMITH, ESQ., *Acting Agent, Bank of Bengal, to the Manager, Uncovenanted Service Bank, Limited, Agra,—(dated the 20th November 1865).*

I am sorry that in consequence of instructions received from my Head Office, I am unable at present to grant you the required Draft on Bombay. With reference to the P. S. of your letter of to-day, Government have made Currency Notes a "legal tender" when offered in payment of Government dues, but you are wrong in supposing that they are such in ordinary business transactions. In future, when any Cheques are sent for payment from this Office, when you are not prepared to pay them in cash, kindly return the Cheques.

From A. R. GORDON, ESQ., *Assistant to the Deputy Commissioner of Paper Currency, to the Manager, Uncovenanted Service Bank, Limited, Agra,—(dated the 24th November 1865).*

I am in receipt of your letter No. 5614, dated 22nd instant, and, adverting to the enquiry made therein, beg to annex, for your information, an extract, Section 16, Act XIX of 1861, from which it will be obvious that the tender of a Note or Notes of this Circle by you as representative of a body corporate when the transaction occurs within the Circle would be a legal tender in payment of a Cheque drawn on you for the amount of which you are debtor.

2. The original letter, dated 20th current, from the Officiating Agent, Bank of Bengal, to your address, which accompanied your letter under reply, is herewith returned, a copy having been kept for record.

APPENDIX IV.

From A. F. BELLASIS, ESQ., *Commissioner of Customs, to the Currency Commissioner of Bombay,—(No. 2682, dated the 23rd October 1865).*

I have the honor to bring to your notice that, on the 10th instant, I got a Bank Note of the Government of India for Rs. 1,000 cashed at Bhownuggur at the Branch Bank there through the Sub-Magistrate Mr. Autling, for which a discount of 1 per cent. was charged, thus reducing the amount to Rs. 990. I shall feel obliged by your informing me whether the discount was properly charged, as I was under the impression that a Bank Note of the Government of India was as good as cash, and it must seriously injure the circulation of the Paper Currency if such high discount is charged.

2. I may mention that I have a Public Treasury at the Custom House, where I always receive Bank Notes as cash.

APPENDIX V.

	Weight grains	Assay.		Pure metal grains.	Relative price to Gold Sovereign at Rs 10.	Relative price to Gold Bullion, subject to 2 1 per cent. Seignorage.
		Fractions.	Touch.			
Sovereign	123·274	11/12	916·66	113·0012		
Rupee	180	14/15	935	168·3	1 : 14·892	1 : 14·5
Rupee	180	11/12	925	166·5	1 : 14·731	1 : 14·431
Government Rupee	180	11/12	916·66	165	1 : 14·601	1 : 14·301
Rupee	180	10/11	909·09	163·636	1 : 14·480	1 : 14·185
Rupee	180	9/10	900	162	1 : 14·336	1 : 14·041
Florin	174·5454	12/13	925	161·4546	1 : 14·287	1 : 13·994

Average (1854 to 1863) Calcutta Market price of Bar Gold .. .. 1 : 14·794

Ditto making Sovereign = Government Rupees ... ... 10·132

An additional duty of 1 per cent. on Silver Bullion would make the Sovereign = Government Rs. 10·031, practically 10 Rupees.

APPENDIX VI.

Rules for the Receipt of Bullion.

1. Tenders of Gold or Silver Bullion will be received from individuals at the Calcutta Mint between the hours of 10 A. M. and 3 P. M. daily, Sundays and holidays excepted, provided the parcel of Gold is of not less than 50 Tolas weight, and of Silver, 1,000 Tolas, and provided it be of a malleable quality adapted for coinage.

2. Bullion or Coin must be tendered for coinage by the proprietor, agreeably to Form A, printed copies of which will be supplied by the Bullion Clerk.

3. All Bullion or Coin tendered for coinage must, previous to delivery, be melted in the Bullion Depôt premises, under the superintendence of the Mint Melting Establishment, with the exception of clean bars of the fineness of 18 Better than Indian Standard* and upwards, which may be cut or melted at the option of the Mint Master.

4. Bullion, on arrival at the Bullion Depôt adjoining the Mint premises, will be dealt with according to regulations from time to time established by the Mint Master, with the sanction of the Mint Committee, and after it has been melted or cut, it must be delivered to the Head Assistant in the Bullion Office of the Mint, and registered, when the proprietor will be furnished with a receipt, agreeably to Form B or C, of the weight of clean malleable Gold or Silver, as shown by the Mint scale at the time of registry.

5. No transfer of Bullion from the name of one proprietor to that of another can be permitted after it has once been tendered to the Mint. No Bullion can be withdrawn previous to registry, except sweepings and spillages of Gold Bullion actually melted, without the payment of a fee of Rs. 2 for each Pass prepared for the purpose.

6. It is to be understood that, until the Bullion or Coin has been delivered, agreeably to Rule 4, at the Mint scale to the Head Assistant in the Bullion Office, it is in the custody and at the sole risk of the importer, to whom every facility will be afforded for securing it in the strong room appropriated for that purpose.

7. The receipts mentioned in Rule 4 shall be changed in the Assay Office for Certificates, agreeably to Forms D and E, payable at the Government Treasury, showing the net value in Government Rupees of the proprietor's treasure, with reference to its weight and assay, after making the following deductions for Seignorage, Refinage, and Premelting charges.

8. The Seignorage on Gold Bullion or Coin shall be at 1 per cent. of the standard value. The Seignorage on Sicca Rupees shall be at 1 per cent. There shall be no Seignorage on short-weight Madras, Furruckabad, or Company's Rupees. The Seignorages on all other descriptions of Silver Coins and Bullion shall be 2 per cent.

9. The Refinage charge on Gold shall be at the rate of 1½ per cent. for every five Carat grains of worseness below the Indian standard. There shall be no Refinage charge on Silver Bullion received into the Mint.

10. The Premelting charge on Gold shall be at the rate of (Rs. 3-12-0) three Government Rupees and twelve annas per one thousand Tolas of standard Gold, and on Silver at the rate of (Re. 1) one Government Rupee per one thousand standard Tolas. These charges are to be deducted universally, whether the Bullion be melted or cut.

11. Importers of Bullion or Coin shall be at liberty to withdraw the same after registry within the day following the receipt of the Assay Report, but at no later period, on payment of an Assay Fee of (4) four Rupees for each assay of Gold, and (2) two Rupees for each assay of Silver, and the Premelting charges above mentioned.

12. Should Bullion, after being premelted, prove to be brittle, and not adapted for coinage, it shall be returned to the proprietor and passed out of the Mint under a written Pass signed by the Mint Master, and endorsed by the proprietor, who shall pay the charge for premelt-

* Equal to 16 Better than English Standard.

ng the same at the prescribed rate calculated on the gross weight in Tolas.

13. Bullion will be operated upon on general holidays, provided workmen can be obtained for that purpose, and a double Premelting charge will have to be paid by the importers.

14. Silver Bullion or Coin tendered to the Mint in exchange for Government Currency Notes, agreeably to Notification of Government, Financial Department, No. 1, dated 3rd January 1862, quoted in the margin, must be tendered according to Form F, and it will be dealt with precisely in the same way as when tendered for coinage.

Any persons who prefer applying at the Mint for Notes in exchange for Coin or Bullion may apply there instead of at the Office or Agency at the Bank, provided they apply for not less than Rs 2,000 at a time. They will, in such case receive the Notes at the Office of the Head Commissioner at the Bank, one clear working day after their applications.

15. Receipts in the accompanying Form G will be granted after registry for such Bullion or Coin, exchangeable for Assay Certificates according to Form H.

FORM A.

To

THE MINT MASTER,

Calcutta.

SIR,

Be pleased to receive into the Bullion Depôt, for the purpose of being melted, or cut at my (our) sole risk and expense (Tolas Annas), Tolas *(here state the description and weight in full)*, and to grant your receipt for the resulting weight of ingots or cut-pieces, or such portion of them as shall, agreeably to the Rules, be considered fit for coinage, entitling me (us) to receive from the Assay Office a Certificate of value payable at the Government Treasury at the Bank of Bengal.

The Bullion will be delivered to you by Mr. , who is authorized to superintend its melting or cutting on my (our) behalf, and who will attend for that purpose at such times as may be appointed.

CALCUTTA, } Yours obediently,
The 18 . }

FORM B.

No. of 18

Gold weighing Tolas
Received this day from
for the purpose of being coined into Gold Mohurs, Gold in weighing Tolas

CALCUTTA MINT, } *Mint Master.*
The 18 . }

Bullion-keeper.

FORM C.

No. of 18

Silver Tolas
Received this day from
for the purpose of being coined into Single Rupees, Silver in weighing Tolas

CALCUTTA MINT, } *Mint Master.*
The 18 . }

Bullion-keeper

FORM D.

Number Gold Mohurs

I hereby certify that the sum of Gold Mohurs is payable 20 days after the date hereof at the Bank of Bengal to or to order, on account of Gold received from for coinage, as per Mint Master's receipt, No. weighing Tolas a specimen of which I have assayed and found to be than standard.

CALCUTTA ASSAY OFFICE, } Examined.
The of 18 . }

Assay Master.

FORM E.

Number Rupees

I hereby certify that the sum of Rupees is payable on demand at the Bank of Bengal to or to order, on account of Silver received from for coinage, as per Mint Master's receipt, No. weighing Tolas a specimen of which I have assayed and found to be than standard.

CALCUTTA ASSAY OFFICE, } Examined
The of 18 . }

Assay Master.

FORM F.

To

THE MINT MASTER,

Calcutta.

SIR,

Be pleased to receive into the Bullion Depôt, for the purpose of being melted or cut, at sole risk and expense (Tolas Annas), Tolas , and to grant your receipt for the resulting weight of ingots or cut-pieces, or such portion of them as shall, agreeably to the Rules, be considered fit for coinage, entitling to receive from the Assay Office a Certificate of value payable in Currency Notes at the Office of the Head Commissioner of the Government Issue Department at the Bank of Bengal.

The Bullion will be delivered to you by Mr. , who is authorized to superintend its melting or cutting and burning on behalf, and who will attend for that purpose at such times as may be appointed.

Yours obediently,

CALCUTTA. } Pass into the Mint.
The 18 . }

Mint Master.

FORM G.

No. of 18

Silver Tolas
Received this day from
to exchange for Government Currency Notes, Silver in

CALCUTTA MINT,
The 18 .

Mint Master.

FORM H.

Number Rupees
I hereby certify that the sum of Rs.

is payable in Currency Notes, one day after date, at the Office of the Head Commissioner of the Government Issue Department at the Bank of Bengal, to
or to order, on account of
Silver received from
for coinage, as per Mint Master's receipt, No. weighing Tolas
a specimen of which I have assayed and found to be than standard.

Examined.

CALCUTTA ASSAY OFFICE,
The of 18 .

Assay Master.

BY-LAWS OF THE MINT BULLION DEPOT.

EXTERNAL.

1. All Tenders of Bullion are to specify the number of boxes of Silver or Gold, and are to be numbered in the order of delivery into the Bullion Depôt, when all the boxes specified in a Tender are brought in.

2. When a portion only is brought in, the Tender is to be numbered after the delivery of the number of boxes specified is completed.

3. The Bullion tendered is to be delivered by the authorized Agent, who will see to the locking up of the boxes in the Strong Room of the Depôt.

4. The Tenders are to be dealt with according to priority of numbers, if the authorized Agent be in attendance; if not, the next in succession, having an Agent in attendance, is to be taken in hand. The order of succession only applies to Silver taken out for one species of treatment, either melting or cutting.

5. Importers sending in two or more Invoices of Silver with only one Tender are, however, to understand that their Agents alone will be responsible for keeping the Silver belonging to each Invoice separate; but if the Silver of each Invoice be separately tendered, every care is to be taken to keep them separate.

6. Bullion, after having been taken out of the boxes, is to be weighed into and out of the Melting Room or the Cutting Room, as the case may be.

7. Importers are distinctly to understand that their Agents are to satisfy themselves as to the accuracy of the weighments of their Bullion in the Bullion Depôt, both before and after melting and cutting. The Bullion Clerk merely takes down the weighments for the Mint Master's satisfaction. If the Importer's Agent should observe any thing, either in the beam or the method of weighing, that he disapproves of, he should make it known at once, and every facility will be rendered him to make the necessary corrections, so that Importers must look only to their Agents for explanation, in case of any discrepancy that may occur between the Invoice and the Mint weighments.

8. *Registry of Bullion.*—Importers' Bullion, after having been melted or cut, and when ready for registry, will be taken into the Bullion Office; and after the Bullion has been registered, Importers' Agents, Durwans, &c., are to go out through the Mint Gate only.

9. The spillage and cut chips resulting from the Silver Bullion of Importers is to be carefully worked up, if possible, once a fortnight, by the Establishment of the Bullion Depôt, at the risk and responsibility and on behalf of the Importers, to each of whom an account showing the value thereof obtained by proportional distribution of the whole is to be rendered according to Form I, and the amount paid by Cash or Cheque on the Bank of Bengal.

10. *Passes.*—All Passes for Silver and Gold required to be sent out of the Bullion Depôt, whether Gold, Spillage from Melting Room, or Bullion rejected by the Mint previous to registry, or withdrawn by Importers, are to be made out by the Bullion Clerk and sent to the Mint Master for his signature, and then delivered to the Importers' Agents for the endorsement of the Importers, after which the Bullion will be passed out through the Mint Gate.

11. Importers are not required, in addition to the one per mille charged by the Mint, to pay any other charges, such as for Gunny Bags or Cooly hire, after the Silver has been once taken into the Strong Room; Gold Spillage, broken pots, &c., are of course to be taken away at the expense of the Importers.

12. Coolies for removing and opening boxes, and removing Bullion from place to place, will be engaged by the Mint, and arrangements are to be made for having three Coolies in attendance upon every lac of Bullion that may be operated on.

13. Importers may have a guard at the Strong Room door during working hours if they choose, as their treasure is in deposit at their risk.

14. Bullion or Coin once rejected by the Mint as brittle shall not again be received for the purpose of being melted or cut for coinage without the special authority of the Mint Master.

FORM I.

To

SIR,

With reference to your tender of Silver Bullion for coinage, of date the , I beg to intimate that the sum of Government Rs. weighing Tolas is due to you on account of spillage and cut chips recovered on your account. The amount will be paid on the on presentation of this letter duly endorsed.

CALCUTTA MINT,
The 18 .

Yours obediently,

Mint Master.

APPENDIX VII.

Price of Australian Gold Bars 22 Carats fine.

	1864.	1865.
	Rs. A. P.	Rs. A. P.
January ...	14 0 0	14 7 6
February ...	14 11 6	14 7 6
March ...	14 11 6	14 7 6
April ...	14 13 0	14 8 0
May ...	14 10 0	14 6 0
June ...	14 8 0	14 6 6
July ...	14 7 6	14 5 0
August ...	14 10 0	14 6 0
September ...	14 8 0	14 7 6
October ...	14 8 0	14 11 0
November ...	14 9 0	14 14 6
December ...	14 6 6	14 15 0
January 1866 ...	14 13 3	
February 19th ...	14 10 3	

APPENDIX VIII.

Comparative Prices of 4 Per Cent. Government Paper and Bank of Bengal Shares in 1857.

	4 Per Cent. Government Paper.		Bank Shares. (The par value of a Bank of Bengal Share is Rs. 4,000.)	
	Highest.	Lowest.	Highest.	Lowest.
January ...	16·	19·8	6,375	6,375
February ...	17·8	20·12	6,500	6,450
March ...	15·8	17·8	6,500	6,450
April ...	1·38	15·8	6,500	6,425
May ...	12·4	14·8	6,400	6,400
June ...	14·	20·4	6,400	6,400
July ...	16·4	19·	6,300	6,250
August ...	18·	24·8	6,350	6,250
September ...	24·8	31·	6,250	5,800
October ...	25·8	26·	5,800	5,700
November ...	21·8	24·8	6,200	5,750
December ...	20·8	25·8	6,400	6,325

N. B.—Four per cent. Paper was at a discount invariably this year, and the quotations must be taken accordingly.

The highest price of 4 per cent. Paper was 12½ discount; the lowest 31 discount; the difference 18½ per cent. The highest price for Bank of Bengal Shares was Rs. 2,500 premium; the lowest Rs. 1,700; the difference 20 per cent.

APPENDIX IX.

Average Monthly Circulation of the Bank of Bengal Notes in the under-noted years.

1857.	1858.	1859.	1860.	1861.
1,26,06,976	1,26,96,424	1,47,20,164	1,58,13,577	1,56,03,052

APPENDIX X.

CIRCULAR No. 35

From the Accountant General, Bengal, to the Collector of ,—*(dated Calcutta, the 23rd September* 1865).

The Government of India, in the Financial Department, having directed that Sub-Treasury Balances shall be shown separately in the Cash Balance Reports of Collectors, I have the honor, in modification of my Circular No. 16, dated 13th March last, to request, in the event of there being any Sub-Divisional Treasuries in your district, that you will submit your future Reports of Cash Balances in the annexed Form.

Cash Balance Report of the Treasury at **A** *poor on the* 31*st July* 1865.

NOTE.—This Form must be despatched, without fail, on the 1st and 16th of each month.

CURRENT.		Value. Rs.	A.	P.
GOVERNMENT CURRENCY NOTES.	20 at Rs. 1,000	20,000	0	0
	10 „ 500	5,000	0	0
	25 „ 100	2,500	0	0
	4 „ 50	200	0	0
	16 „ 20	320	0	0
	53 „ 10	530	0	0
		28,550	0	0
Ditto of other Circles		500	0	0
Bank Notes		.....		
Bank Post Bills		.....		
GOLD.				
Sovereigns (2)		20	0	0
Half-Sovereigns (1)		5	0	0
SILVER.				
Rupees		1,98,625	0	0
Half Rupees		2,934	0	0
Quarter Rupees		896	12	0
Two-anna pieces		15	6	6
COPPER.				
Double pice		19	11	6
Single pice		11,427	15	9
Half pice		.....		
Pie pieces		23	4	4
Total Current, carried over, Rs. ...		2,43,017	1	7

Total Current brought forward, Rs. ...				2,43,017	1	7
UNCURRENT.	Tale.	Rate.				
Gold	22	9 12 4 4/11		215	0	0
Silver	108	0 15 5½		104	8	0
Copper	3840	0 0 2½		56	0	0
In District Treasury		1,78,094	9 7			
„ Sub-Treasuries ...		65,298	0 0	2,43,392	9	7
Deduct—						
Appropriated Balance for the P W. Dept. at credit of Executive Engineer		572	3 0			
Ditto ditto ditto ...		4,098	0 0			
Ditto ditto ditto ...		55	0 0	4,725	3	0
Available Balance, as per Treasury Cash Account				2,38,667	6	7

I hereby certify that the balance in the Sudder Treasury amounted on the 31st July to the sum shown above, and that I personally ascertained that the said balance was actually in my custody.

I further certify that the bulk of the treasure has been kept under double locks, and that the key of one of the locks has been kept in the custody of the Treasurer and that of the other exclusively in my own possession.

I also certify that, according to the Return received by me, the balance in the Sub-Divisional Treasuries amounted to the sum shown above, and that I believe that sum to be correct. I moreover certify that all means in my power have been taken to ensure the correctness of the Returns furnished to me, and the observance of all Rules laid down to provide for the safe custody of treasure in the Sub-Divisional Treasuries.

A,
Collector.

REMITTANCES IN TRANSIT.

From or to.	Date of Invoice.	Amount.	Description of Coin.	REMARKS.
From B—poor.	2nd July ...	2,00,000 0 0	Rupees.	
To C—poor.	20th „ ...	1,000 0 0	50 Notes.	

		Rs.	A.	P.
Amount of Bills advised, but not cashed up to date is		324	7	6
„ Pice sold during the past month is		204	5	4
„ Currency Notes received during the month is		450	0	0
„ „ „ issued „ „ „		1,260	0	0

„ Sovereigns and Half-Sovereigns received during the month, 5 Sovereigns and 4 Half-Sovereigns.

„ Ditto ditto issued during the month, 3 Sovereigns and 3 Half-Sovereigns.

A—POOR,
The 1*st August* 1865.

APPENDIX XI.

CIRCULAR.

From H. D. SANDEMAN, ESQ., *Civil Pay Master, Fort William, to the Collector of* (*dated Calcutta, the 10th September* 1862).

SIR,—I have the honor to transmit, for your information and guidance, a set of Rules which I have drawn up, under the authority and with the sanction of the Supreme Government, for the regulation of Offices under the Money Order System, which His Excellency the Governor General in Council has been pleased to resolve shall be at once introduced into the Lower Provinces of Bengal.

2. The "Money Order System" is founded upon, and is in many respects exactly similar to, that which is known in Great Britain as the "Post Office Order System:" its object is to afford to the public the means of safely and economically transmitting small sums of money from one place to another, and it is the intention of the Supreme Government, in the event of the experiment, which is to be for the present confined to the Lower Provinces of Bengal, proving successful, to extend the operation of the system to other parts of the country.

3. The Supreme Government have approved generally of the details for the working of the scheme, and the Rules for the guidance of Officers connected with it, as set forth in the accompanying Pamphlet; and have instructed me to define accurately the extent of responsibility which will rest upon Collectors, a subject which was purposely omitted from the Manual itself, which was intended solely to guide Money Order Agents in the performance of their duties.

4. The object of the present Circular, therefore, is to supply that omission, and to define the duties of Collectors in their connection with Money Order Offices. The instructions which it contains have been approved by His Excellency the Governor General in Council, and the Circular is issued under his authority and sanction.

5. It is necessary, before proceeding to a definition of the control which you will have to exercise over Money Order Agents, to make a few observations on the different Forms of Bills which now exist, and to show how they will be affected by the introduction of the new Money Order System.

6. Bills are now issued by Revenue Treasuries in three forms, *viz.*:—

1.—Privilege Remittance Transfer Receipts.

2.—Public Service Transfer Receipts.

3.—Bills of Exchange.

7. Of the first of these, it is sufficient to say that, within the range of the Money Order System, they will entirely cease from the date on which the new system may come into existence, so that all parties wishing to remit money must for the future apply to the Money Order Office, and all questions of "Privilege" in the Civil Departments will cease to exist.

8. The question of Officers' and Sepoys' Family Remittances is still under the consideration of Government, and separate instructions will hereafter be issued regarding them.

9. Public Service Transfer Receipts will continue to be issued as at present when required for *bonâ fide* public purposes.

10. The form known as the "Bill of Exchange" is only intended to be used for purposes of "Supply," and its use is restricted to those Treasuries which have the express permission of the Deputy Auditor and Accountant General to issue such Bills for sums of not less than Rs. 100.

11. As a strict adherence to this Rule is essential to the success of the Money Order System, it will be an instruction to the Controller to report every instance in which the Rules have been departed from.

12. I will now endeavour to define the control and check which you are expected to exercise over the Money Order Agent at your Station; and here I may observe that, as the introduction of the system is, after all, a mere substitution of one description of work for another, it is expected that you will be able to introduce it into your district without any difficulty or increased expense.

13. The appointment of an Agent will rest with yourself, subject to the confirmation of the Financial Department. I would, however, beg to suggest the advisability of your delegating the work, in addition to his other duties, to the clerk who now transacts your Treasury business, supposing always that you deem him capable of performing the duties of a Money Order Agent. It is the intention of Government eventually to remunerate the Agents by e commission out of the fees received on issue of Orders; but until the system is in fulloperation, and some practical idea can be formed as to the profits that will accrue from it, no calculation can possibly be made as to what that remuneration will be. In the meanwhile, therefore, the Money Order Agent whom you may be pleased to appoint must be a clerk in Government employ, and he will receive for the present the salary attached to the office which he may hold, with such further liberal allowance from the Local Returns of the Money Order Office as the Government may see fit to prescribe.

14. You are requested, therefore, at your early convenience, to acquaint me with the full name of the Agent whom you may appoint, in order that I may submit it to the Financial Department for confirmation. When confirmed, the names of the Agents at the several Money Order Stations will be published for general information.

15. The Money Order Agent will be required to give his own bond for Rs. 500, and that of one or more respectable parties for the same amount, as security for the faithful discharge of his duties.

16. It is intended that the Money Order Agent shall himself perform all the current duties of his office. He will sign all Orders, receive Advices direct, render Accounts under his own signature, and, in short, transact all the business of the Agency, referring to you only in cases of difficulty or of doubt.

17. The control which you will be expected to exercise over the Agent may, therefore, be said to be of a general nature, although it will be to a certain degree absolute, and will apply to his issue and to his Cash Balance, as well as to his Office or Establishment.

18. It was originally proposed to limit the aggregate issue of Money Orders in each Office to, say Rs. 500 in one day, but the advantage of any uniform rule on this point was deemed doubtful, inasmuch as the business of different Money Order Offices must vary very much, and if any one given amount were fixed beyond which no Office should issue in one day, it would probably be found that the amount, while unduly cramping one or two of the most important Offices, would be much above what the general run of Offices might ever be called upon to issue and, therefore, be practically inoperative. His Excellency the Governor General in Council has, therefore, deemed it advisable to leave the limit to the discretion of the Collectors.

19. You will have, therefore, to use your discretion in this point, and it will be in your option to refuse compliance with requisitions for Money Orders when you see sufficient reasons for so doing. For instance, should you see that requisitions for Orders are being made to such an extent as to embarrass you with more coin than you deem it prudent to retain in your Treasury, or should you have reason to believe that they are made otherwise than for the purpose for which the system is established, *viz.*, the means of safely and economically transmitting *small sums* of money without interfering with the exchange operations of the country, you would have good cause for refusing compliance.

20. All Orders drawn upon you must, of course, be cashed without any such considerations, but it would be your duty, in the event of any one Office drawing upon the Agent at your Station for very large sums, which, if continued, it would be inconvenient for you to meet, to report the circumstance to the Controller as well as to the Deputy Auditor and Accountant General after cashing the Orders.

21. Your control over the Cash Balances is to a certain extent defined in the Rules which govern Money Order Agents. It is provided that Agents are never, at the close of a day's business, to retain a larger sum in hand than Rs. 500, and that whenever their balance attains that sum, it is to be paid into the Treasury, and the Collector's receipt (prepared by the Agent) taken for the amount.

22. Should you be of opinion that Rs. 500 is too large a sum (with reference to the average daily amount passing through your Money Order Office) for the Agent to retain at any one time, it is discretional with you to fix a smaller amount for his ordinary reserve, acquainting the Controller that you have done so.

23. On the other hand, when an Agent is in need of funds, he is to draw upon the Collector, handing to him a receipt for the amount, and presenting with it a copy of the receipt to be attested by the Collector for the satisfaction of the Controller.

24. I would suggest that any advances to the Money Order Agent should always be made in sums of even hundreds of Rupees.

25. At the close of each day's business, the Agent is directed to deposit any Cash Balance that he may hold under Rs. 500 in your Treasury in a sealed bag for safe custody. This sealed bag you are at liberty at any time to open and examine; indeed, you should make a point of doing so at uncertain intervals to avoid the invidiousness of making such an examination exceptional.

26. Your Cash-keeper should daily acknowledge the receipt of this bag; and again take a receipt from the Agent when he delivers up the bag in the morning.

27. For this purpose a small Receipt Book might be kept up in the following form :—

Date.		Acknowledgment of Money Order Agent to receipt of sealed bag at commencement of business.	Acknowledgment of Treasurer to receipt of sealed bag at close of business.
Sept.	2	N. Joachim, M. O. A	Wooma Churn Roy.
"	3	N. Joachim, M. O. A.	Wooma Churn Roy.
"	4	N. Joachim, M. O. A.	

28. The Money Order Agent is also directed to hand you in his *whole* balance on the last day of each month, both above and under Rs. 500, before the hour of 4 P. M., in order that you may include the amount in your Monthly Cash Balance Report.

29. When the last day of a month happens to fall on a Sunday or a recognized holiday, this must be done on the preceding day, at or before the same hour.

30. It will be your duty to supply the Money Order Agent with Copper or small Silver in exchange for Rupees, or *vice versâ*, according to his requirements.

31. It will also be your duty to keep the Deputy Auditor and Accountant General well informed as to the working of the Money Order System, as affecting your Cash Balances, especially informing him of any unusually large receipts or payments under that head.

32. You will receive instructions from the Auditor General as to opening a new head in your Treasury Account on account of Money Orders.

33. You are requested to furnish to the Controller on the 1st (or as soon after as possible) of each month a Return showing the amounts paid into, or drawn from, your Treasury by the Money Order Agent during the preceding month, for comparison with the Returns rendered by

the Money Order Agent to the same authority. The account may be rendered in the following form :—

Account with the Money Order Agent for the Month of September 1862.

Date.		Paid to the Money Order Agent.	Received from the Money Order Agent.
October	1	200 0 0	500 0 0
"	5		500 0 0
"	10		500 0 0
"	16		
"	17	100 0 0	
"	18	100 0 0	
"	"	100 0 0	
"	25		500 0 0
"	31		365 4 9

ZILLAH——, 1*st October* 1862.

A B,
Collector.

34. Your control over the Office of the Money Order Agent will be of a general nature. It will be your duty to see that the Office is kept uniformly open during the hours usually devoted to public business; that the Rules laid down in the accompanying Manual are generally adhered to; that every facility is given to the public both in obtaining Orders and receiving payment for them; that the blank Order Forms are kept in safe and proper custody, so as to preclude the possibility of loss; that the Agent keeps himself properly supplied with forms of all sorts; and so forth. In short, without defining your power of supervision, I would simply say that you are expected to see generally that the work of the Money Order Office is in every way properly and efficiently carried on.

35. In case of misconduct on the part of the Money Order Agent, you are authorized at any time to suspend him from his functions and appoint another Agent to act in his place, communicating your reasons in full to the Controller at the Chief Office. In the event of no person being available whom you consider competent to carry on the Agency, you will have to undertake the duties yourself until provision can be made in the Chief Office to supply the vacancy.

36. Money Order Agents will not have authority to frank letters. The Rules provide that Advices shall be sent without envelope, and that no frank to them will be necessary. Any correspondence or returns made by the Agent, requiring a frank, should be franked by yourself, or your Assistant, or any other Officer under you possessing the requisite authority to do so.

37. You are requested to apply without delay for instructions upon any point regarding which you may entertain a doubt, and on the expiration of six months from the date of commencement of the Money Order System, to report on the general working of the scheme, stating not only the number of Orders paid and issued, and the amount of commission received, and so forth, but also whether the system is one that meets with popular approval, as giving the public a facility which they have not yet possessed, *viz.*, that of remitting small sums in a safe and secure manner at a small and reasonable cost.

38. You will, in that Report, also take the opportunity of offering any suggestions that you may wish to make for the improvement of the scheme, the establishment of Offices in any large towns or marts in your district where you anticipate they will pay their own expense and be appreciated by the public, or the extension of the system to other parts of India which may have money dealings in small amounts with your Station.

I have the honor to be,

SIR,

Your most obedient Servant,

Civil Pay Master.

DESCRIPTION OF THE SYSTEM ON WHICH THE MONEY ORDER BUSINESS IS CONDUCTED.

CALCUTTA, AUGUST, 1862.

1. The Money Order Office is established for the purpose of affording to the public the means of safely and economically transmitting small sums of money from any one Station in Lower Bengal to any other.

Object of Money Order Office.

2. It is intended to extend the scheme to other Provinces and Governments, as circumstances may warrant.

3. The Money Order business performed by the Provincial Agents consists in the issue of Money Orders applied for (with the despatch of the relative Advices to the Agents for the Stations on which the Orders are drawn), the payment of Orders presented, furnishing of accounts to the Chief Office, and in remitting to the Collector or other authorized Officer any excess of cash above the amount allowed to be retained as a Reserve Fund, which is determined from time to time and according to circumstances for carrying on the business.

Duties of Provincial Agents.

4. Instructions to Money Order Agents as regards their duties will be found at page 52, clearly explaining the Money Order System, so far as direct dealing with the public is concerned, and including all details connected with the actual issue and payment of the Orders. (For Form of Money Order, see Form No. 2.)

5. The Chief Office, in addition to the issue and payment of orders to the public, the arrangement for the transfer and repayment of Orders, and the issue of Duplicate and Renewed Orders, exercises a thorough check upon *all* Money Order transactions.

The Chief Office and the nature of the duties transacted therein.

6. The basis of the system of Account is furnished by the Money Order Agents on the sheet in which their receipts and payments are entered. (See Pattern A.)

7. On arrival at the Chief Office, these sheets are made over to Examiners (who work with red ink), and whose duty is, first, to compare the Orders with the Advices (which must be separated), to check the Orders with the entries on the Credit side, and, if correct, to tick them (see *a*, Pattern A), to see that the Orders entered have been paid at the proper Offices, that they bear the Stamps of the paying Offices, and that the names of the Payees are legibly written, as well as those of the issuing Agents.

Examiners' duties.

8. If a doubt arises as to whether an Order should be passed or disallowed, it is referred to the Controller. The Examiners also count the Orders to see that the numbers entered on the sheets agree with the numbers sent to the Chief Office, and note the number on the back of the last Order as well as in a column of the Record Book (see *a*, Pattern B).

9. This being done, the Accounts and the Orders are given to the Credit Check Clerks, whose duties consist in re-examining the Orders, and, if correct, in ticking each entry in the Account on the other side (see *b*, Pattern A). After the Orders have been re-examined and re-counted, the number of Orders is entered in the Credit Check Slip (see Pattern C), and, at the end of the day, the total number of Orders passed by the Credit Check Clerks must agree with the number passed by the Examiners. The Orders after having been passed are made over to Sorters, who alphabetically and numerically arrange them for the Debit Clerks.

Credit Check Clerks' duties.

10. The Credit Check Clerks then cast the Accounts in divisions (see *c*, Pattern A), and, if correct, return them to the Examiners, who examine the Debit sides of the Accounts, strike the Balances which are entered in the Record Books (see *b*, Pattern B), and make over the accounts to the Abstract Clerks.

11. The Abstract Books (see Pattern D) show at a glance the precise state of every Account. The Abstract Clerks, on receiving the sheets from the Examiners, enter the particulars in the respective columns of the Abstract Book (from the Examiner's figures), after which they test the correctness of the entry by cross-casting the different items, which, if correct, are ticked. (See *a*, Pattern D.)

Abstract Clerks' duties.

12. Any discrepancy detected is entered in the Error Book, and the Account in which the error appears is taken to the Controller.

13. After the Accounts have been entered in the Abstract Books, they are given to Sorters, who arrange them in alphabetical order, and file them in Books kept for the purpose and called "Guard Books," to enable the Debit Clerks to write off the paid Issues.

14. Before commencing this duty, the number of Orders is counted by the Debit Clerks and signed for by them; this is also done when the duty is completed.

The Debit Check.

15. The duties of the Debit Clerks consist in writing off the amounts of the Orders and the dates of payment, (see *d*, Pattern A), in comparing the amounts, names, and offices, with the particulars entered in the Accounts, and in reporting every irregularity. (See Forms.) All amounts entered on the wrong line, or any incorrect entry made by the Debit Clerk *requiring obliteration*, must be taken at once to the Controller.

16. After the expiration of four months, the Accounts are removed from the Guard Books, in order that the Paid Issue columns, *written off by the Debit Clerks*, may be cast (see *c*, Pattern A). Any Orders remaining unpaid are entered in the Register of Renewable Orders (see Pattern F), and large ticks are made, with blue ink, in the column of Renewable Orders (see *f*, Pattern A).

17. Applications for the issue of Duplicate Orders, for Transfer, or Repayment, or for the issue of Renewable Orders, must be made either by the Remitters or Payees (for alterations of name the Remitters must make application); and every application must be accompanied by a fresh Commission in Postage Stamps, equal in amount to the original Commission.

Applications for duplicates, &c.

18. The Clerks who treat these cases, in the first instance, register the application (see Pattern G). This done, references are made to the Accounts; if the particulars entered therein agree with those given by the applicants, the required alterations are made, notes are entered in the column of the Accounts (see *g*, Pattern A), showing the registered numbers of the applications and the dates on which the alterations were made. Forms are filled in and despatched to the respective Offices, and the applicant is informed that his request has been complied with.

19. The Postage Stamps enclosed in the applications are transmitted, once every month, and after obliteration, to the Superintendent of Stamps for destruction, and the amount, on receipt of an acknowledgment, is carried to the credit of the Money Order Department, under the head of *second* Commission.

Postage Stamps.

20. Applications for Renewable Orders must contain the Orders to be renewed; in treating these cases, reference is made to the Renewable Order Book (see Pattern F); the particulars noted therein are carefully compared with those given by the applicants, and if they agree, the word "Renewed," the date of renewal and the registered number of the application are written in a column of the Renewable Order Book (see *a*, Pattern F). When the Order is sent to the Chief Office *paid*, the particulars are again compared, and if they agree, the word "Paid" and the date of payment are noted (see *b*, Pattern F).

Renewable Orders.

21. At the expiration of twelve English calendar months from the dates of issue, Orders not made renewable become *lapsed*, and the amounts of such Orders are taken to credit by the Money Order Department; when Orders become lapsed, the word "Lapsed" together with the dates are written in a column of the renewable Order Book (see *c*, Pattern F).

Lapsed Orders.

22. The Controller submits to Government a half-yearly summary of the working of the Department.

23. When Money Order Agents require Funds, they draw upon the Treasury of the Station, and sign a receipt for the amount, a true copy of which, signed by the Collector,

Requisitions for Funds.

is forwarded (with the *paid* Orders) to the Chief Office in support of the amount entered in the Account.

Surplus Funds.

24. Any sum in hand above the recognized amount of Reserve is paid into the Treasury, and the Collector's original receipt is sent with the Account to the Chief Office.

Security Bonds.

25. Security Bonds of sufficient amount to secure Government against loss are given by the Agents.

Forms, Stores, &c.

26. Forms, Stores, &c., are furnished by the Controller to the Money Order Agents upon indent.

PATTERN FOR ACCOUNTS.

PATTERN A.

AFFIX STAMP

PATNA, Jan 1st, 1862. M. O. O.

OF OFFICE.

The Money Order Agent of Patna in account with the Chief Office, Calcutta, January the 1st, 1862.

Dr. — *Cr.*

Notations of Transfer, &c.	Reservable Orders.	Orders paid. Date.	Orders paid. Amount.	Orders issued. Nos.	Where payable.	To whom payable.	Amount.	Name of Remitter.	Orders paid. Date of Issue.	Nos.	Where issued.	Amount.	
			Rs. A.				Rs. A		1861.			Rs. A.	
R		Feb. 27	d 46 8	✓1	Purneah ...	Ramdoss	✓46 8	Goluck Sing					6/
De		Jan. 16	50 0	2	Dacca	J. Smith	✓50 0	H. Jones ...	Dec. 24	300	Burdwan a	✓42 4	b
12		„ „	47 6	3	Ditto	Ditto	✓47 6	Ditto ...	„ 22	142	Poorce ...	✓60 0	/
	f			4	Dinapore ...	Gobin Chatterjee	✓8 0	Gopal Ghose	„ „	143	Ditto ...	✓4 6	/
	✓	Jan. 8	24 0	5	Hooghly ...	R Robinson ...	✓24 0	H. Harrison..	„ 27	600	Chief Office	✓2 4	
		„ 7	50 0	6	Chief Office...	D. Wilson & Co.	✓50 0	F. Bird.					
		„ „	50 0	7	Ditto ...	Ditto ...	✓50 0	Ditto.					
		„ „	30 0	8	Ditto ...	Ditto ...	✓30 0	Ditto.					
		e	397 14										
				8	Total Orders issued ... ✓		306 4		4	Total Orders paid. ✓		100 0
					Commission ... ✓		3 6						
				H. GOMEZE, *Agent.*	Total ... ✓		309 10						

Credit Sections.

4
12
106

B. (Initials of Credit Check Clerk.)

1 @ /2 0-2-0	Rs. A.	Debit Sections.	Remitted to Treasury, Receipt enclosed.	
1 @ /4 0-4-0	3 6			59 10
6 @ /8 3-0 0		152 4		159 10
@ /12		154 0	Bal. due from Agent.	150 0
@ 1/0		306 4		

E. F. (Initials of Abstract Clerk.)

C. D. (Initials of Examiner.)

IMPORTANT—The first four columns (as above) are for use at the Chief Office only, and must on no account be written on by the Money Order Agent.

PATTERN B.

EXAMINER'S RECORD.

For the 3rd of January 1862.

Date of Account.	Balance due from Agents.	Remittances to Agents.	Name of Office.	Names of Agents.	Remittances from Agents.	Balance due to Agents.	Number of paid Orders passed Credit.
	5				5		a
January 1	150 0	.....	Patna	H. Gomeze ..	59 10	.....	4

PATTERN C.

CREDIT CHECK SLIP.

January 1862.

Office.	1st	2nd	3rd	4th	5th	6th
Patna	.....	.....	4			

PATTERN D.

ABSTRACT BOOK OR LEDGER.

January 1862.

Dr. _____ *Henry Gomeze, Money Order Agent of Patna, in account with the Chief Office* _____ *Cr.*

CHARGE.																				DISCHARGE.										
Date	Number of Orders issued @					Amount of Orders issued		Commission.		Remittances to Agent.		Total		Balance due from Agent at close of day.		Reserve Rs. 500	Date.	Amount of Orders paid.		Remittance from Agent.		Total.		Balance due to Agent at close of day.		Number of Orders paid.
	A. 2	A. 4	A. 8	A. 12	Re 1	Rs.	A	Rs.	A	Rs.	A.	Rs	A					Rs.	A	Rs.	A.	Rs.	A	Rs.	A.	
						Balance due from Agent, December 31.												Balance due to Agent, December 31.								
1	1	1	6			306	4	3	6			309	10	150		✓	1	100		59	10	159	10	...	...	4
2																	2									
3																	3									
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PATTERN E.

ABSTRACT DUTY—ERROR BOOK.

Abstract Clerk's initials.	Name and Date of account in which the error occurs.	Nature of error.	When corrected, and initials of Examiner.

PATTERN F.

Register of Renewable and Lapsed Orders.

Date of Issue.	Number of Order	Office of Issue.	Name of Payee.	Paying Office.	Amount.		Name of Remitter.	NOTES.		
					Rs.	A.		When Renewed. *a.*	When Paid. *b.*	When Lapsed. *c.*
1862. January 1.	4	Patna	Gobin Chatterjee.	Midnapore.	8	6	Gopal Ghose.	These columns must be filled in with red ink.		

PATTERN G

Register of Applications.

Register Number.	Applicant.	Subject of Application.	Enclosures	Date of Application	Particulars of Orders.			How disposed of.	When completed.
					Office where issued	Number	Date		
1	Goluck Sing.	Repayment.	8 As. Stamps	Feb. 8	Patna.	1	Jan 1	Repayment ordered	12/3/62

PATTERN H.

Monthly Return for _____ 186 .

Affix Stamp of Office

Dr. The Money Order Agent of _____ in account with the Chief Office, showing a Statement of the amount of Orders issued and paid, with remittances on account, for the month ended _____ 186 *Cr.*

186 .	Number of Orders issued					Commission										Amount of Orders issued		Remittances to Agent.		Amount of Orders paid		Remittances from Agent		Number of Orders paid
	Class A, @ 2 As	Class B, @ 4 As	Class C, @ 8 As	Class D, @ 12 As	Class E, @ 1 Re	Class A		Class B		Class C		Class D		Class E										
						Rs.	A	Rs	A	Rs	A	Rs.	A	Rs	A	Rs	A.	Rs	A.	Rs.	A	Rs.	A	
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30																								
31																								
Total number of each Class																								
Gross Total																								

	Rs	A	Rs	A		Rs	A	Rs	A
			For use at Chief Office only					*For use at Chief Office only*	
Balance due from Agent on _____ 186					Balance due to Agent on _____ 186				
Total amount of Orders issued					Total amount of Orders paid				
" " of Commission					Remittances to Collector				
Remittances from Collector									
Total					Total				
Balance due to Agent on _____ 186					Balance due from Agent on _____ 186				
Rs					Rs				

Signature of Money Order Agent _____

PATTERN I.

Journal of Money Orders issued at _____ 186 .

Notations of Transfer, &c.	Numbers.					Where payable.	To whom payable.	Amount		Name of Remitter.	Address.
	2 As. Rate	4 As. Rate.	8 As. Rate.	12 As. Rate.	1 Re. Rate.			Rs	A		

PATTERN J.

Journal of Money Orders paid at _____ 186 .

Number of Order.	Date of Issue.	Where issued.	Amount.		Number of Order.	Date of Issue.	Where issued.	Amount.	
			Rs.	A.				Rs.	A.

FORMS.

No. 1.

REQUISITION FORM.

To

The Money Order Agent at _____

_____ 186 .

Be so good as to grant me a Money Order on _____

for Rs. _____

in favor of _____,

_____

_____

for Cash herewith tendered.

Signature of Remitter _____,

Address _____.

_____

Memorandum.—Great caution should be observed by applicants for Money Orders in correctly spelling names and addresses.

This Form is granted to applicants *free of charge.*

No. 2.

ORIGINAL.

PATNA No. ——

ADVICE OF MONEY ORDER drawn by the above Office upon the Office at — — — — on the ———— 186 .

Stamp of Issuing Office.

THE PAYEE.

viz., the person to whom the Order is payable.

Amount.

CHRISTIAN NAME.	SURNAME	RS	A

ADDRESS.

FOR NATIVES.

NAME.	CASTE
FATHER'S NAME.	ADDRESS.

Stamp of Paying Office.

THE REMITTER.

viz., the person who paid in the Money and obtained the Order.

CHRISTIAN NAME	SURNAME.
NAME.	CASTE AND TRIBE

ADDRESS.

SIGNATURE OF

———— *Officer who grants the Order.*

This Advice must be stamped and signed by the Officer who draws the Order, and stamped by the Officer upon whom it is drawn, and the latter, after having entered the particulars in his Money Order Book, must forward it by the very first Post after its receipt, to the Chief Money Order Office in the Presidency, in which is situated the place where such Order was granted. If any correspondence arises from neglect of these regulations, the Officer in error will be charged with the Postage

N. B.—A Separate Advice must invariably be sent for each Order.

ORIGINAL.

Stamp of Issuing Office.

No. ———— ISSUED

— — — — — 186

PATNA.

CREDIT *the Person named in my Letter of Advice the Sum of*

Rs. ———— As. ————

and debit the same to this Office.

To the Money Order Office

at ————

Stamp of Paying Office.

———— *Signature of Officer who grants the Order*

The party to whom this Order is made payable must sign here his or her name at full length, except in the case of Forms, whose usual Signature will suffice.

Received the above,

———— *Signature.*

N. B.—Payment of this Order must be obtained before the end of the fourth Calendar month after that in which it was issued (for instance, if issued in January, it must be paid before the end of May), otherwise a new Order will be necessary, for which a second commission will be charged, and if the Order be not paid before the end of the twelfth calendar month after that in which it was issued (for instance, if issued in January, and not paid before the end of the next January), all claim to the money will be lost. After once paying a Money Order, by whomsoever presented, the Office will not be liable to any further claim.

☞ If this form be clipped or mutilated, there may be difficulty as to paying it.

INSTRUCTIONS.

For the issue of a Duplicate Money Order, for the alteration of name of the Payee or Remitter, or for the transfer or repayment of an Order, an additional commission is charged, which must be paid in Postage Stamps, enclosed in an application to the Controller of the Money Order Office.

For stopping payment of an Order, the same fee must be sent to the Controller of the Chief Money Order Office; when, however, the same letter includes application both for the stoppage of Payment and for Repayment to the Remitter, only one fee will be required.

To save time and prevent errors, the Public are advised to furnish in writing to the Issuing Officer, at the time of application, the full particulars of every Money Order required, and to ascertain, before quitting the Issuing Office, that the Order corresponds with those particulars.

The receipt on the other side must be signed in the manner there described.

Whoever presents the Order for payment, whether the rightful owner or otherwise, must give full information as to the Name, Surname, and Address of the Party who originally obtained it, unless such party be a Firm, when the name of the Firm, together with its address and occupation, will suffice. *The only exception to this rule is*—

When the Order is presented through a Bank of the town upon which it is drawn, in which case it will suffice that the Order being properly signed be also crossed with the Banker's name.

These regulations have been laid down to secure, as far as practicable, that payment be made to the rightful party, and all Officers have been instructed to enforce them so far as a due regard to public convenience will permit.

As, however, **after once paying a Money Order, by whomsoever presented, the Office will not be liable to any further claim,** the Public are strictly cautioned—

1*st*.—To take all means to prevent the loss of the Money Order.

2*nd*.—Never to send the Money Order in the same letter with the information required on payment thereof.

3*rd*.—To be careful, on taking out a Money Order, to state correctly the Name of the person in whose favor it is to be drawn

4*th*.—To see that the Name, Address, and Occupation of the person taking out the Money Order, are correctly known to the person in whose favor it is drawn.

Neglect of these instructions will risk the loss of the Money, besides leading to delay and trouble in obtaining payment.

Orders are issued and paid at most Offices from 10 in the morning till 4 in the evening. The commission (to be paid on issue) is as follows:—For any sum not exceeding Rs. 10, 2 annas; for any sum above Rs. 10 and not exceeding Rs. 25, 4 annas; for any sum above Rs 25 and not exceeding Rs 50, 6 annas, for any sum above Rs. 50 and not exceeding Rs. 75, 12 annas; above Rs. 75, 1 Rupee :—No Order can be granted for more than Rs. 100.

On Her Majesty's Service.

MONEY ORDER ADVICE.

To

THE MONEY ORDER OFFICE

AT_____

_____

No. 3.

DUPLICATE.

No. _____ ____ISSUED

_____ 186 .

CREDIT *the Person named in the corresponding Letter of Advice the Sum of*

Rs._____ As._____

and debit the same to above-mentioned Office.

To the Money Order Office

Stamp of Paying Office.

*at*_____

_____ *Signature of Officer who grants the Order.*

** The party to whom this Order is made payable must sign here his or her name at full length, except in the case of Firms, whose usual Signature will suffice.*

Received the above,

_____ *Signature.*

N. B.—Payment of this Order must be obtained before the end of the fourth calendar month after that in which it was issued (for instance, if issued in January, it must be paid before the end of May), otherwise a new Order will be necessary, for which a second commission will be charged, and if the Order be not paid before the end of the twelfth calendar month after that in which it was issued (for instance, if issued in January, and not paid before the end of the next January), all claim to the money will be lost. **After once paying a Money Order, by whomsoever presented, the Office will not be liable to any further claim.**

☞ If this Form be clipped or mutilated, there may be difficulty as to paying it.

No. 4.

To the Officer in Charge of the Money Order Office at Patna.

Dated Calcutta, 20th July 1862.

Sir,

I request that you will be good enough to reply to the following questions regarding your account, from 1st to 15th July 1862, and re-submit this sheet to me by *return of Post* :—

Controller.

Date.		No.	Issued by	Amount.		Question.	Your reply.	Final Disposal
July ...	12	716	Yourself	25	0	Why have you charged 8 annas instead of 4 annas commission on this Order?	By a mistake; it should have been 4 annas for Rs 25 and under.	Directed to refund the difference to remitter, charging amount in his next account, supported by receipt as a voucher.
July ...	15	720	Ditto	2	8	This Bill, which has been paid from the Calcutta Office, is very imperfectly stamped.	Will be attended to.	
June ..	7	274	Dinagepore	4	14	Your paying Stamp bears date 11th July, whereas you have given the 10th idem in your account.	The 11th is the correct date; please alter my account accordingly, as I have done in my Registers.	
						J. C. R. *Initials of Controller.*	J. D'Cruze, *In charge of Money Order Office, Patna, 22nd July 1862*	

RULES FOR THE GUIDANCE OF MONEY ORDER AGENTS IN TRANSACTING MONEY ORDER BUSINESS.

Requisition Forms.

1. Requisition Forms for Money Orders are obtainable on application at any Money Order Office, free of cost. Persons conducting Order Offices are supplied with Forms by the Controller on application.

Commission on Money Orders. Limit of amount.

2. The Commission on a Money Order not exceeding Rs. 10 is 2 annas; on one exceeding Rs. 10 and not above Rs. 25, 4 annas; on one exceeding Rs. 25 and not above 50, 8 annas; on one exceeding Rs. 50 and not above 75, 12 annas; and on one above that sum, it is 1 Rupee; no Order being granted for more than Rs. 100. Persons applying for Orders are not permitted to break the amounts for the purpose of evading the full payment of the above fees.

No fractional part of an anna allowed.

3. No Order is to contain a fractional part of an anna.

Limit of daily issues.

4. In the event of any heavy demand for Money Orders, the Agent must be guided by the instructions of the Collector, who exercises his discretion as to the propriety of issuing beyond a certain amount.

Particulars required for Money Order.

5. With the subjoined exceptions, no Money Order is to be issued unless the applicant furnish, in full, in the Requisition Form, the surname and one Christian name, or in the case of a Hindoo or Mahomedan, the caste or tribe, and parentage both of the Remitter (the person who sends the Order) and of the Payee (the person to whom the Money is to be paid), together with the Remitter's address, for entry in the Journal, in order, if necessary, to trace the Remitter; and if the name of either party be tendered at greater length, it must be received and advised accordingly.

In the case of a titled person or of a Firm.

6. If the Remitter or Payee possess any titular rank, his title or rank is sufficient; and if a Firm, the usual designation of such Firm will suffice.

Issue of Money Orders. Caution.

7. On an application for a Money Order, the particulars must first be entered in the Journal, and then the corresponding Order and Advice must be prepared and the date stamped on both. Officers issuing Money Orders are directed to use caution that the Money be paid down before any entry is made in the Journal.

Despatch of Letters of Advice Signature in full.

8. The "Advice" of every Order must invariably be despatched to the Office upon which it is drawn by the post of the day on which it is granted. It must be despatched on the public service without envelope, and a frank is unnecessary (see paragraph 50). The Advice is attached to the Form of Money Order, and must be separated by an indented or irregular cutting. The signature of the Issuing Officer must be given in full both to the Money Order and to its Advice, for the purpose of comparison, when necessary.

Orders for Rupees only.

9. When an Order is granted for even Rupees, a line drawn or the word "only" should be added, *after* the amount expressed in words, so as to prevent any subsequent alteration of the Order.

Order on station where there is more than one Office.

10. When application is made for a Money Order payable at a town or station where there is more than one Money Order Office, the Remitter should specify at which of the Offices he wishes it to be paid, and the Order and Advice must be drawn accordingly; in the absence of such specification, the Order must be paid at the Chief Office of the town or station.

List of Offices.

11. Every Money Order Office is furnished with a list of places on which Money Orders can be drawn, and when notice is received of the opening of any new Office, or of any change whatever relative to Money Order Offices, the list must immediately be corrected.

Errors in Money Orders.
Spoiled Money Orders.

12. If an error of any kind be committed in filling up a Money Order, a new Order must be made out, as no alterations or erasures are permitted. Every spoiled Money Order must be sent, with the Advice, in the account in which it would have been entered had it been issued, endorsed with an explanation of the irregularity, and the words "not granted" must be inserted against the corresponding number in the Journal of Orders issued, and in the account furnished to the Chief Office. Care must be taken in separating an Order from an Advice that neither be torn.

Orders must not be cancelled.

13. An Order once issued cannot be cancelled; and should repayment or transfer to a different Office, or alteration of name be required, the Remitter must apply to the Chief Office. Forms for such application are obtainable at any Money Order Office *free of cost.*

Receipt of Advices.

14. Advices, on arrival, must be carefully examined, to see whether the relative Orders are payable at the particular Office, and whether they are otherwise regular. Advices from different stations should be kept distinct, and arranged in separate bundles, for each day, according to amounts Every Advice on payment of the Order to which it belongs must be stamped by the Paying Office.

Discrepancies between Orders and Advices.

15. When an Order is presented for which no Advice has been received, or with which the Advice does not agree as to number or amount, payment must be refused until the Issuing Agent has been communicated with and the error or omission corrected or supplied.

Omission to advise.

16. In cases of omission to advise, the irregularity must immediately be reported to the Chief Office by memorandum. When the Stamp on the face of the Advice is omitted, but appears on the back, the Order may be paid, but the irregularity must be at once reported to the Chief Office.

Duplicate Advice.

17. If a second Advice should be required, owing to the first not having reached its destination, one of the "Second Advice" Forms must be used, and a similar course must be taken when a duplicate Advice is required in consequence of a mistake, either as to the number or amount stated in the original Advice. In this case, however, the words "Corrected Advice" must be written across the document.

Payment of Money Orders.

18. When an Order is presented for payment, the Paying Office must first see that the corresponding Advice has been received, and that the date, and number, and amount entered on the Order agree with those in the Advice; and, unless the Order be paid through a Bank, that the signature of the Payee be as full as the name given in the Advice, and be not in any way inconsistent therewith. He must then call upon the applicant to give the name of the Remitter, and if the reply be correct, the Order must be paid,* unless there be any strong reasons to suppose that a fraud is being committed. Should payment for any such reason be refused, the circumstance must be at once reported to the Chief Office. When an Order is paid through a Bank, it is sufficient that it be receipted by the Payee, and that it be presented (crossed with the name of the receiving Bank) by some person known to be in the employment of the Bank. In such case, the questions put on the presentation of an ordinary Money Order may be dispensed with

When presented by a Bank.

Inability to write.

19. If the Payee be unable to write, he must sign the receipt by making his mark to be witnessed, in writing, as for example:—

Witness; Henry Cook, No. 1, Chowringhee. } Joseph Allen his × mark.

The witness must sign his name, with his address, in the presence of the Paying Officer, who must then certify the payment by adding his initials. The witness should be known to the Paying Officer, and it is desirable (though not imperative) that he be not connected with the Office. In no case must the Paying Officer act as witness. It is not necessary that the witness should be personally acquainted with the Payee.

20. When an Order is paid, it must immediately be initialled by the Drawee, and the date of payment entered in the Paid Journal. The Order must itself also be stamped (at the place indicated upon it) with the date of its discharge.

Lapsed and void Orders.

21. Payment of an Order must be obtained before the end of the fourth (English) calendar month after that in which it was issued (for instance, if issued in January, it must be paid before the end of May), otherwise a new Order will be necessary, for which a second commission will be charged, and any person presenting such an Order should be informed accordingly. If the Order be not paid before the end of the twelfth calendar month after that

* Money Orders do not require a Receipt Stamp.

in which it was issued (for instance, if issued in January, and not paid before the end of next January), all claim to the money will be lost.

No claim after Order has once been paid.

22. After once paying a Money Order, by whomsoever presented, the Office is not liable to any further claim.

Payment cannot be demanded on day of issue.

23. Under no circumstances can payment of an Order be demanded on the day of issue, and time should always be allowed for the receipt of Advice.

Monthly Statement of unpaid Orders.

24. On the evening of the last day of each calendar month, the entries of all Orders which have ceased to be payable must be cancelled in the Advice Book, and the words "Too late" written in the place usually occupied by the date of payment. A Statement of such Lapsed Orders should be transmitted to the Chief Office.

Accounts.

25. An account of the Money Order transactions must be made out in the prescribed Form, and sent to the Chief Office, at such intervals as may from time to time be determined.

26. The account must include all the transactions in the period from the last account to the close of the Money Order business of the day on which the new account is dated, and must be forwarded by the first post after such close of business.

27. In preparing this account, first, the details of each Order issued must be copied from the Journal on to the *Debit* side of the account, and this copying must be examined to see if it is correct. The Journal and account should then be cast up independently, and it should be seen that the totals agree. The Orders paid should next be entered on the *Credit* side according to date of payment. The account should be very carefully tested with the Journal to ensure correctness.

28. The paid Orders and Advices must be enclosed in the account as vouchers in support of the items which they represent.

29. Any claim for which the corresponding voucher is not enclosed will be disallowed.

Correction of Accounts.

30. A Local Officer must at once correct in his Money Order Books every error pointed out to him, so that his accounts and returns of transactions may agree with the records in the Chief Office, and he must take care that in his correspondence with that Office, all papers received therefrom are promptly attended to.

Funds.

31. When an Officer in charge of a Money Order Office is in need of funds, he must submit a receipt for the amount of his requirements to the Collector, who will supply him according to the requirements of the case. He must at the same time prepare a true copy of this receipt for the signature of the Collector, for submission o the Controller with h s account.

32. In like manner, when he has a surplus of Rs. 500 or upwards, he must hand it over to the Collector with a prepared receipt which the Collector will return to him signed and dated. This receipt must also be submitted to the Controller in support of the credit item.

33. At the close of business in each day, the Money Order Agent must deposit the whole of the funds in his possession (within the limit of his reserve) in the Collector's Treasury, *in a sealed bag*, presenting with it a memorandum for the Cash-keeper to sign in token of receipt. This memorandum must be delivered up on the following morning when the sealed bag is received back by the Agent.

34. On the last day of each month, the *whole* balance in hand must be paid into the Treasury before 4 P. M., in order that the Collector may include the amount in his Monthly Cash Balance Report.

35. When the last day of the month falls on a Sunday, or a recognized holiday, the whole balance in hand must be paid in as above before 4 P. M. on the preceding day.

36. Official balances are not to be used for private purposes, for however short a period.

37. In stations where there is a Branch of the Bank of Bengal, remittances will be made to and from it in lieu of through the Collector.

Duplicate Orders, transfers, repayments, alteration of names, &c.

38. In case of the miscarriage or loss of a Money Order, a duplicate is granted on a written application (with the necessary particulars) to the Chief Office in Calcutta, and by a similar application to the same Office, which (except as regards a temporary power to stop payment) can alone act in such cases, authority can be obtained to transfer the payment of an Order from one Office to another, or to stop payment, or to correct any error in the name of the Remitter or Payee, or to repay the money to the Remitter. Every such application, however, must contain, in Postage Stamps, a second Commission (in all respects equal to the first); though one Commission will suffice, when, in the same application, more things than one relating to the same Order are asked for, as, for instance, both the stoppage of payment and repayment to the Remitter.

39. Unless a sufficient reason can be given for an exception, the application must come either from the Remitter or the Payee.

40. Whenever, on complaint being made, it is found that the necessity for an application entailing the payment of a fresh Commission is attributable to the Money Order Office, the Stamps transmitted in payment of the Commission will be returned, and when it can be ascertained where the blame lies, the Officer in fault will be required to pay the additional Commission.

41. An applicant is entitled to information (gratis) how to apply for a duplicate Order, &c., and to the prescribed Forms of application.

42. When the payment of an Order is refused in consequence of the replies to the questions respecting the

Remitter not corresponding with entries in the Advice, or of a difference in the name of the recipient, the applicant for payment should be advised to communicate with the Remitter, and to request him to apply to the Chief Office in Calcutta, enclosing in his application the additional Commission (in Postage Stamps) chargeable for the alterations required.

43. In every case of transfer, repayment, or alteration of name, the document containing the authority must (when the Order has been paid) be fastened to the Order and returned with it, enclosed in the account, to the Chief Office in Calcutta.

44. A transferred Money Order, when it has been paid, must be endorsed, "*Transferred from*" (naming the Office upon which it was originally drawn) "*to*" (naming the Office at which it was paid), and an Order after repayment must be crossed with the word "Refunded."

45. When an Officer receives notice of the transfer to a different Office of an Order originally payable at his own, he must immediately cancel the relative entry in his Journal, noting therein the date of transfer, and forward the Advice to the Chief Office with "Transferred to" endorsed upon it.

46. The cancelling notice must be put up with the advices of Unpaid Orders, in the place originally occupied by the Advice, where it must remain until the period for the payment of the Order has elapsed, when it must be sent with the Statement of Unpaid Orders, but not entered therein.

47. The date of issue of a duplicate Order must be noted in the Journal of Orders issued.

48. Should an application be received from the Paying Office, for the Advice of an Order of which a duplicate has been issued, it must on no account be forwarded thereto direct, but must be transmitted, with the application, to the Chief Office in Calcutta.

49. On the receipt of a duplicate, with the necessary authority for payment, the Journal must be referred to, and the issue of the duplicate Order and the date of its receipt must be noted against the Advice entry. Should, however, the original Order have been paid, the duplicate must be immediately returned to the Chief Office, with a Statement to that effect. If the original Order be presented after the duplicate has been paid, it must be refused and returned to the Chief Office. If the presenter refuse to give it up, it must be returned to him, with the words "Refused, duplicate being paid on the _____" written across it.

Advices to be sent without envelopes.

50. Letters of Advice must be sent from one Office to another without envelope but wafered or gummed. As Letters of Advice will be received by the Post Office authorities, without frank, when sent without envelope, any infraction of this Rule will render them liable to postage, which will be levied from the sender.

Sundays and holidays.

51. No Money Order business is to be transacted on Sundays, or on authorized holidays.

52. When, by death or otherwise, a Money Order Office becomes vacant, the Collector of the district will take possession of the balances and records, and transact the business of the Money Order Agent, until fresh arrangements can be made by the Chief Office in Calcutta.

53. Should such Office be located in a Military Cantonment, the Officer Commanding is authorized to take charge of the vacant office.

APPENDIX XII.

From the HON'BLE A. EDEN, *Secretary to the Government of Bengal, to the Accountant General, Bengal,—(No.* 787, *dated the 26th February* 1866*).*

I am directed to forward herewith for your information a copy of a Minute, dated the 19th instant, recorded by His Honor the Lieutenant Governor, on the subject of the supply of Currency Notes of small values to the Districts of Cuttack and Pooree.

2. With reference to His Honor's observations, I am desired to request that you will comply with the Indents from the Collectors of the districts above mentioned for the notes required by them.

Minute by the HON'BLE C. BEADON, *Lieutenant Governor of Bengal,—(dated Cuttack, the 19th February* 1866*).*

I have seen in the Collector's Office here the correspondence noted in the margin.

From Collector to Accountant General, No. 9, dated 9th June.
From Accountant General to Collector, No. 220, dated 14th June.
From Collector to Accountant General, No. 16, dated 22nd June.
From Accountant General to Collector, No. 265, dated 27th June.

2. It appears that the Collector indented for Rs. 10,000 worth of Currency Notes of small value from Rs. 10 to Rs. 100 each. The Accountant General declined to supply the Notes, observing that the cash balance was already so high that it was not expedient to increase it by sending Notes from head quarters, and that the Collector should, on the contrary, exchange cash for them freely when presented, so as to remit to Calcutta.

3. The Accountant General, however, enquired whether the Notes asked for were likely to be wanted for *bonâ fide* circulation within the district, or whether they would be chiefly used by the public for purposes of remittance. On the Collector stating that they would be chiefly used for remittance, the Accountant General again refused to supply the Notes, observing that persons wishing to remit should be referred to the Money Order Office.

4. A precisely similar state of things was represented to me at Pooree. The Collector there has no Notes of small value in his Treasury, the call for them both in payment of demands and in exchange for silver is considerable, but the Accountant General will not supply them on indent, because the cash balance in silver coin is large, and thus the circulation of the Paper Currency is impeded.

5. In my opinion, the Accountant General was not justified in refusing to supply the indents for small Notes from

Pooree and Cuttack, and the reasons he has given for refusal are insufficient.

6. The Collectors are quite ready to give cash for Notes whenever they are asked to do so, but the demand for small Notes for local circulation, and possibly to some extent for remittance, is such that scarcely any Notes are paid into the local Treasury either in payment of Government dues or in exchange for coin. It is futile, therefore, when a Collector applies for Notes to meet a local demand, to desire him to exchange silver for Notes on the spot.

7. The existence of a large cash balance in silver is no reason whatever for not supplying a moderate indent for Notes of small value. It is true that by their issue in exchange for silver, the coin in the Treasury may slightly increase, but the direct advantage arising from the circulation of the Notes more than covers the cost of the remittance of an equal amount of specie, while the circulation of so much paper is a great convenience to the public, and must ultimately tend to the general use of the Paper Currency, both in meeting demands on the Treasury and in making payments into it.

8. I cannot ascertain that the Collector of Cuttack had any sufficient ground for saying that these small Notes he indented for are required chiefly for remittance. The enquiries I have made both here and at Pooree lead me to conclude that they are wanted chiefly, if not entirely, for local circulation; that they circulate freely at par; that the convenience of a circulating medium more portable than silver is appreciated not only by the European community of the Province of Cuttack, now some hundreds in number, but by the Native trading classes, and indeed by most of the Natives here who have occasion to travel, or who have payments to make exceeding ten Rupees.

9. However undesirable it may be that Currency Notes should be sent from place to place by the post, it is a practice which cannot be prevented, and which certainly ought not to be checked by any inquisitorial proceedings on the part of the Collector as to the purpose for which Notes are required. Such proceedings would not be tolerated for a moment at Calcutta, or at any centre of issue, and they ought not to be allowed in the Mofussil. The Money Order Office should be left to recommend itself to the public by the security it offers for small remittances, and its use ought not to be stimulated by refusing to issue small Notes lest they should compete with it. The Notes being a legal tender in all parts of the circle, it simply discredits the system if a Collector refuses to pay a just demand in Notes, on the ground that they are likely to be circulated beyond the limits of his district; and the Government is stultified if, while it professes to desire the expansion of the Paper Currency, facilities are not given for the issue of Notes in exchange for silver at every Treasury where there is a demand for them.

10. I would communicate these remarks to the Accountant General, and desire him to comply with the indents of the Collectors of Cuttack and Pooree, and I would send a copy of the letter to the Financial Department, in continuation of our last letter on the subject.

From E. J. BARTON, ESQ., *Assistant Collector, in charge Collector's Office, Cuttack, to the Accountant General, Bengal,* —(*No.* 9, *dated the* 9*th June* 1865).

I have the honor to request that the following Currency Notes may be supplied to this Treasury :—

Denomination.	Number.	Amount.
Rs. 100	50	5,000
" 50	60	3,000
" 20	50	1,000
" 10	100	1,000
		10,000

Official Memorandum from HUGH SANDEMAN, ESQ., *Accountant General, Bengal, to the Collector of Cuttack,*—(*No.* 220, *dated the* 14*th June* 1865).

Your No. 9.

Your Cash Balance is already so high that it is not expedient to increase it by throwing Notes into your Treasury from head quarters. You should, on the contrary, exchange cash for them freely when presented so as to remit to Calcutta.

Please state, however, whether the Notes you now ask for are likely to be required for *bonâ fide* circulation within your district, or whether you think they will be chiefly used by the public for purposes of remittance.

From J. S. ARMSTRONG, ESQ., *Officiating Collector, Cuttack, to the Accountant General, Bengal,*—(*No.* 16, *dated the* 22*nd June* 1865).

In reply to your letter No. 220 of the 14th instant, I have the honor to state that very few of the Notes will be circulated in the district, but so far as I can learn, the greater part will be used by the public for purpose of remittance.

Official Memorandum from HUGH SANDEMAN, ESQ., *Accountant General, Bengal, to the Collector of Cuttack,*—(*No.* 265, *dated the* 27*th June* 1865).

Your No. 16.

There does not appear to be any necessity for supplying you with Notes at present. Persons wishing to make remittances should be referred to the Money Order Office.

APPENDIX XIII.

From HUGH SANDEMAN, ESQ., *Accountant General, Bengal, to the Collector of Cuttack,* —(*No.* 747, *dated the* 24*th March* 1865).

As the Treasury of your district ordinarily yields a surplus, which has to be remitted periodically to the Presidency, I have the honor, under the provisions of Article III, Clause 3 of the Miscellaneous Treasury Rules, recently published by the Board of Revenue, to authorize you to cash Currency Notes to the extent of your probable remittances to Calcutta, in order that such remittances may be made in Notes instead of in silver.

Such Notes may be remitted as received in round numbers of from 20 to 50,000 at a time, to the Bank of Bengal, in the manner laid in Clause 5 of Article III of the Rules above referred to.

APPENDIX XIV.

From T. GRANT, ESQ., *Officiating Collector, Balasore, to the Deputy Auditor and Accountant General, Government of Bengal,* (*No.* 335, *dated the* 29*th December* 1864).

I have the honor to request the favor of your instructing the Collector of Midnapore to remit to this Treasury Rs. 1,50,000 in silver coins, as the exchange of Government Currency Notes has been much higher than was estimated before sending up the treasure to Calcutta.* The stoppage of the exchange will of course be an inconvenience to the public.

* 4th November 1864, silver coins in hand after the Treasure was sent up 2,45,000
To-day . 1,47,000.

2. I also request your sanction to my sending Rs. 50,000 worth of Government Currency Notes to the Midnapore Treasury.

3. The issue of an early instruction to the Midnapore Collector is solicited.

APPENDIX XV.

Report upon the circulation of Government Currency Notes during the year 1864-65.

The following figures show the movement of the Currency Notes in the Districts of the Lower Provinces during the year :—

RECEIPTS.

	Whence.	Number of Notes of each value.						Total.	
		1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	Number.	Value.
1.	In store at date of last return	157	195	1,351	1,692	2,044	7,960	13,399	5,94,680
2.	From Bank of Bengal, Calcutta	*109	182	1,200	3,136	2,900	2,450	9,927	5,34,300
3	,, other Treasuries	297	317	2,309	2,964	3,143	4,565	13,595	9,43,110
4.	,, the public in payment of Government dues	5,661	3,253	22,623	18,183	25,052	34,780	1,09,552	1,13,07,790
5.	From the public in exchange for silver ...	2,059	1,171	5,288	3,449	3,054	4,979	20,000	34,56,620
6.	Total Receipts ...	8,126	4,873	31,420	27,732	34,149	46,774	1,53,074	1,62,41,820
7.	Total to be accounted for	8,283	5,068	32,771	29,424	36,193	54,734	1,66,473	1,68,36,500

ISSUES.

	Whither.	Number of Notes of each value.						Total.	
		1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	Number.	Value.
8.	To the Bank of Bengal, Calcutta ...	5,091	2,090	7,534	5,358	7,315	10,197	37,585	74,05,570
9.	,, other Treasuries	309	335	2,688	2,735	3,724	4,831	14,622	10,04,840
10.	,, the public in payment of Government dues	1,603	1,516	13,623	11,387	15,825	22,442	66,396	48,33,570
11.	,, the public in exchange for silver	668	852	6,792	7,882	7,957	12,615	36,766	24,52,590
12	Total issues	7,671	4,793	30,637	27,362	34,821	50,085	1,55,369	1,56,96,570
13.	Remaining in store	612	275	2,134	2,062	1,372	4,649	11,104	11,39,930

No. 1 Notes current only in Assam, Cachar, and Sylhet.

RECEIPTS

Whence.	Number of Notes of each value						Total.	
	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees	10 Rupees.	Number	Value.
1. In store at date of last return (A) ...	.....	.....	584	1,126	1,526	8,903	12,139	2,34,250
2. From Gowhatty	.....	.....	200	290	675	950	2,115	57,500
3. „ other Treasuries	.....	.....	325	.....	446	.....	771	41,420
4. „ the public in payment of Government dues	.....	.. ...	100	22	584	196	902	24,740
5 „ the public in exchange for silver ...	.....	.....	1,223	557	825	1,744	4,349	1,84,090
6 Total Receipts (B)	.....	.....	1,848	869	2,530	2,890	8,137	3,07,750
7. Total to be accounted for (B added to A) C	.....	.....	2,432	1,995	4,056	11,793	20,276	5,42,000

ISSUES.

Whither	Number of Notes of each value.						Total.	
	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	Number.	Value
8. To Gowhatty	.....	.....	25	.....	446	.....	471	11,420
9. „ other Treasuries	.....	.....	200	290	625	850	1,965	55,500
10. „ the public in payment of Government dues	.....	.....	86	60	381	118	645	20,400
11. „ the public in change for silver ...	.....	.....	1,948	1,533	2,327	3,160	8,968	3,49,590
12 Total Issues (D)	.....	.....	2,259	1,883	3,779	4,128	12,049	4,36,910
13 Remaining in store (C less D) ...	.....	.....	173	112	277	7,665	8,227	1,05,090

2. The second of these Tables shows the circulation of No. 1 Notes—Notes, that is to say, which are current only in the Districts of Assam, and in Cachar and Sylhet.

3. In the Appendix will be found two Statements giving the same particulars for each District in the Lower Provinces.

4. The Board of Revenue regret to observe that the Returns, though very much indeed more complete than those submitted last year, are not, in their details, even yet, by any means, altogether to be relied on.

5. The orders of the Government, prescribing the particular information which the Board were to furnish, reached them only in February; and it was only then, therefore' that the Board could give the detailed instructions to their subordinates that are imperatively necessary to ensure correctness in figured returns of this kind.

6. The Registers now prescribed and kept will, the Board hope, ensure correct Returns next year, but this year, the classification of the Receipts and Issues for the first nine months has, they suspect, been often made almost at hap-hazard. In a few Districts it has not been attempted at all.

7. The headings concerning which there is probably the most confusion are those which detail the Receipts from and Issues to the public. The classification of these receipts and payments into "Government Dues" and "Exchanges" cannot, the Board suspect, be relied on except in a general kind of way.

8. Again, in the Districts of Gowalpara and Cachar, the Deputy Commissioners have not been able to furnish clearly distinct Returns of the No. 1 Notes as distinguished from the "General" Notes, or, at any rate, have not done so, though very clear instructions were issued on the point, and printed blank forms of Returns supplied.

9. It is useless to attempt any comparison with last year, for the statistics of that year are altogether incomplete and unreliable. This year the statistics are complete with the exception of the Branch Bank at Patna, where the Agent was unable to give any information.

10. It will be observed that there have been very few Notes transmitted from the Bank of Bengal; in all only 9,927 pieces, value Rs. 5,34,300, of which more than half (*viz.*, 4,532 pieces, value Rs. 2,91,300), were remitted to the Branch Bank at Dacca.

11. On the other hand, the remittances to the Bank of Bangal have been considerable; 37,385 pieces, value Rs. 74,05,570. Nearly half of this sum, however, or 28,806 pieces, value Rs. 36,64,130, came from the Metropolitan Districts of Hooghly, Burdwan, Nuddea, and the 24-Pergunnahs, and 2,702 more pieces (value Rs. 4,68,030) were remitted by the Branch Bank at Dacca, so that the Government have not profited very largely by the Currency Note system as a means of remittance. The Board observe, however, some large remittances from Moorshedabad, Dinagepore, Tirhoot, Chittagong, Monghyr, and Darjeeling. There can be little doubt that at the latter place the Government must have been put to the expense of sending up the silver represented by the Notes received from the public in exchange for silver.

12 The excess of stock in the Mofussil Treasuries over last year's stock is Rs. 5,45,250. If to this is added the surplus of remittances *to Bank of Bengal* over remittances *from the Bank*, we find that Rs 74,16,520 of Notes have found their way to the Mofussil Treasuries without the intervention of Government or the Bank.

13. Except in the trifling case of Darjeeling, there is nothing to lead the Board to suppose that the Government have been put to any expense in Bengal in affording this great convenience to the public.

14. There is probably still a good deal to be done in order to perfect the system Many Officers complain that they are not supplied with Notes by the Accountant General upon their Indents; and there can be no doubt that in many places very many more Notes would go into circulation if the supply were free.

15. The Board are aware that there are as sound objections to the free *issue* of Notes at some places as there are to the free *cashing* of Notes at others But they think that at places where the Accountant General does not supply Notes on Indent, he should, at least, leave enough of the supply that flows there naturally to meet the local demand. The Board have remarked that this is not always attended to Notes have been withdrawn this year, for instance, from the Eastern Districts that would have been readily utilized there. Of course if, when the supply is below the demand, any portion of the currency is absorbed by the Government for the purpose of its own remittances, the public suffer.

16. The Board believe that the free cashing of Notes might be permitted much more generally than it is. The Districts in which it is now permitted are as follows: Balasore, Bullooah, Cuttack, Jessore, Malda, Midnapore, Mymensing, Nuddea, Pubna, Pooree, and Tipperah. The Board doubt whether any restriction need be imposed anywhere except in the Behar, Chota Nagpore, and Assam Divisions, in Darjeeling and in Cachar.

17. If it is thought necessary, on the other hand, to limit the issue of Notes for cash at any Treasuries, they ought to be distinctly specified. But wherever the issue is limited, the Board consider that the Government ought to forego the privilege of using the Notes for remittances.

18. The Board have not entered into any details in regard to the local Assam circulation. It is so very petty that they would not themselves have thought it worth while to keep it up at all, and the Accountant General agrees with them.

No. 260.

Submitted to Government.

By Order of the Board of Revenue, L. P.,

BOARD OF REVENUE, L. P.,
FORT WILLIAM,
The 8th August 1865.

Secretary

Currency Notes

Divisions.	Districts.	To the Bank of Bengal.						To other Treasuries.						To the Public in payment of Government dues.					
		1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.
Assam.	Cossyah Hills ...	2	.	...	.	...	...	.		..	..	.	..	2		18	3	.	15
	Durrung ...	25	40	...	..	...	..	.		78		4		..			..	...	.
	Gowalpara ...	.	...	...		.	..								.	...			
	Kamroop ...	..	...	...	.	.	..	121	84	467	187	249	195		...	..	...	..	
	Lukhimpore ..	8	4	..		..	..	72	23	113	27	427	55	...	5	66	52	339	98
	Nowgong ..	4	2	...	.	1	..	25	15	...	...	3	...	.	...	...	...	...	...
	Seebsaugor .	12	...	...		..	.	5	3	.	..	...	1	..	...	..	..	...	...
Bhagulpore.	Bhaugulpore ...	30	.		...	..	...	..	...	..	...	30	.	182	167	537	480	290	345
	Darjeeling ...	107	68	250	..	..	...	...	..	...	...	...	.	10	12	324	154	164	258
	Monghyr ...	160	20	50	50	.	.	...	...	...	..	...		17	16	182	117	74	108
	Purneah	93	70	..	...	...		...	..	...	...	..		88	78	302	352	639	583
	Sonthal Pergs. Deoghur ..	.	.	..	..	..	...	...	...	...	...	..			1	17	5	48	85
	Godda		..		..	..	...	...	...	...	...	..	...	.	.	6	5	1	26
	Nyadoomka	.		.	..	...	...	...	...	..	...	..		...	1	12	3	...	2
	Pakour	...	..	.	.	...	...	..	..	...	..	..	.	.		5	5	12	8
	Rajmehal ..		...	.	...	...	...	..		...	...	..	..	...		...	...	...	...
Burdwan.	Bancoorah ...	16	5	50	6	16	54	..	8	75	124	153	239	10	49	613	536	202	395
	Beerbhoom ...	43	29	108	..	25	120	7	10	105	24	63	104	86	58	750	435	371	650
	Burdwan ...	390	97	796	466	1,098	1,558	33	94	955	1,305	1,575	1,930	158	102	1,721	2,156	3,839	3,768
	Hooghly ...	420	128	740	320	..	...	5	39	200	260	500	650	76	194	2,288	2,174	3,789	5,976
	Midnapore ...	42	10	30		...	...	..	..				...	43	47	585	369	244	465
Chittagong.	Bullooah	.	...	.	...	...	...	...	...	...			.	6	2	2	49	90	282
	Chittagong	500	76	150	116	100	70	...	...	...	..			15	20	47	40	78	195
	Tipperah .	35	.	..	...	...	...	...	...	...	...		..	26	..	6	186	168	349
Chota Nagpore.	Hazareebaugh ...	...	...	.	..	...	...	...		...	...	..	..	1	5	172	142	102	137
	Lohardugga ...	.	.		...	...	...	...	...	..	...		...	3	2	14	19	24	38
	Manbhoom ..	41	18	20	...	...	...	...	5	20	20		50	84	18	244	80	71	114
	Singbhoom ..	...	...	...	...	...	...	...	...	...	...	...	..	...		...	...	...	...
Cuttack.	Balasore ...	104	44	195	120	..	...	...	...	10	160	92	216	1	6	111	79	100	221
	Cuttack ...	30	...	.		..	..	...	..	..	..	.		16	3	15	21	14	62
	Pooree ...	...	...	.	...	...	.	..	..	.	..	..	..	..	..	8	69	106	202
Dacca.	Backergunge ...	15	40	...	...	...	...	...	...	...	..	...	...	22	23	110	142	167	213
	Cachar ..			...	...	...	...	...	..	85	30	...	...	...	...	...	...	...	...
	Dacca ...	310	121	587	389	693	772	1	1	44	27	61	75	...	1	..	21	13	25
	Furreedpore ...	9	2	.	.	...	.	...	...	...	...	...	..	1	9	21	14	46	30
	Mymensing ...	115	4		...	...	...	...	...	...	...	...	...	24	13	8	36	39	239
	Sylhet ...	.	...	.	..	...	..	...	...	...	...	...	.	...	...	...	..	7	3
Nuddea.	Soonderbunds ..		...			...	..	.	...	...	...	...	..	.	...	30	15	10	9
	Jessore .	52	55	134	41	1	1	..	...	50	150	50	50	45	40	349	188	236	397
	Nuddea ..	517	439	921	876	755	700	...	24	220	360	510	640	105	152	1,028	631	1,991	2,348
	24-Pergunnahs ...	696	410	3,126	2,921	4,382	6,416	..	...	...	...	...	...	132	148	2,000	1,924	2,579	2,780
Patna.	Behar ...	4	25	.	.	21	17	.	...	...	...	20	...	19	12	275	215	215	244
	Chumparun		...	.	...	..	.	.	...	.	...	...	...	..	.		.	.	..
	Patna ...	..	..	..	.	.	..	..	...	...	...	...	...	..	..	...	...	...	...
	Sarun ...								...	...	...	...	...				..	..	...
	Shahabad .	85	40	41	20	1	7	18	...	...	...	...	..	27	31	152	62	61	97
	Tirhoot ...	234	97	50	...	1	...	24	35	25	100	...	.	119	103	647	506	191	220
Rajshahye.	Bogra ..	...	...	..	...	..		..	...	...	...	...		1	6	25	9	4	5
	Dinagepore	437	124	70	...	..	..		...	14	20	187	386	107	67	246	79	31	46
	Maldah ...	10	34	...	..			..	4	130	..	...	...	7	6	20	22	1	16
	Moorshedabad ...	418	86	216	116	130	70	...	..	...	...	...	.	102	67	462	240	127	208
	Pubna ...	9	2	..	.			.	...	.	.	..		5	5	7	4	8	11
	Rajshahye ...	11	...	..	1	..	..	.	...	...	..	..	...	12	5	79	42	14	67
	Rungpore ...	30	.	...	...	..	...		.	...	..	..	..	54	49	110	4	3	30
	Total A	5,091	2,090	7,534	5,358	7,815	10,127	309	335	2,688	2,735	3,724	4,831	1,613	1,516	13,023	11,387	14,828	22,442
	No. 1 Notes.	TO GOWHATTY.																	
Assam.	Cossyah Hills ...	...	...	..	.	.	...	...	..	...	..	.	.	..	...	...	8	52	20
	Durrung	...	...	..	.	48	...	...	..	.			...	...	...	...	...	.	...
	Gowalpara	...	...	...	.	.	...	...	..		...	..	.	...	...	...	..	.	...
	Kamroop	...	..	.		.	...	...	..	200	290	625	850	...	...				...
	Lukhimpore	..	...	25		300	...	...	.		..		.	...	...	86	52	122	98
	Nowgong	..	..	...	.	...	...	...	.	.	..	..	..	...	...		...	.	...
	Seebsaugor	...	...	...	..	..	...	...	.	...	..	...	...	...	...	..	...	...	...
Dacca.	Cachar	...	..	...	...	...	.	...	..	..	...	...	...	..	...	...	...	.	...
	Sylhet	...	..					...	..	...	..	.			...	...			
	Total B ..	..	...	25		448	.	...	...	200	290	625	850		..	86	60	281	118

Note.—In Bhaugulpore and Purneah, Notes issued in exchange for silver are included

Issued and in Store.

To the Public in Exchange for Silver						Total Issues							Remaining in Store.							
1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	Number.	Value.	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	Number	Value.
	6	20	7	7	638	4	6	38	10	7	658	718	17,970		2	2		3	170	177	2,960
14	24	64	46	18	17	40	64	130	46	22	17	327	67,810	4	18	100				122	23,000
20	9	23	9	12	57	20	9	22	9	12	57	129	27,960					6	9	15	210
						141	84	467	187	249	195	1,303	2,25,980	47	17	58	40	33	23	217	64,190
	7	83	46	328	207	80	39	322	134	1,034	360	1,969	1,59,190	4	1	51	34	65	542	697	18,020
11	12	27	6	12	35	40	29	27	8	16	35	155	58,270		2					2	1,000
1	6	39	8	7	31	18	9	59	8	7	32	133	29,260	78	13	36	1	3	2	133	66,290
12	19	97	21	56	90	224	186	634	501	376	436	2,356	4,17,320	4	1	10	3	7	31	56	6,100
4	13	193	163	106	188	121	94	707	317	270	471	2,042	3,70,190	3	6	65	101	216	242	633	24,200
35	32	192	260	204	361	202	68	434	427	338	469	1 928	3,11,200		2	18	12	74	100	206	5,880
						179	148	302	352	630	535	2 205	3,19 480	1	7	15	4	3		30	6,260
		9	10	26	51		1	26	16	74	136	253	6 690			8	9			17	1,450
		10	10	1	6			16	15	3	31	64	2,700			2	5	4	9	20	620
	1						2	12	3		2	19	2,370	1						1	1,000
	1	8	7	6	15		1	13	12	18	23	67	2,990		1	1		3		5	600
1	7	93	49	28	55	1	7	93	49	28	55	233	17,360		4	29				33	4,900
3	5	43	43	25	63	29	67	780	509	396	751	2 532	1,81 390	1	1	14	13	8	18	55	3,890
4		66	221	201	242	140	97	1,029	680	660	1,116	3 722	3,46,760	2	4	20	51	48	85	210	10,360
12	9	249	141	196	328	468	302	3,721	4,000	6,538	7,598	22 703	4 26,650	5	10	114	51	97	98	375	26,870
4	8	185	174	365	450	504	266	3,408	2,928	4,651	7,078	18,939	3,39,540	56	12	110	97	32	10	317	76,590
20	25	322	314	377	396	105	82	937	683	521	851	3,179	2,92,780	10	10	51	33	85	115	304	24,600
																				24	17,900
6			3			12	3	2	52	90	232	390	19,920	17	1		6			117	95,380
24	69	265	212	316	307	530	165	462	362	496	572	2,596	7,01,440	90	6	10	7	1	1		
21	1		39	65	61	72	1	6	225	253	410	967	93,510								
															10	26	30	23	19	108	9,750
	2	143	255	271	217	1	7	314	397	373	354	1,446	66,750		8				1	11	6,010
	14	107	130	155	214	3	16	121	143	180	252	715	36,370	2	1	53	42	7	72	175	8,760
7	16	217	80	39	112	133	57	501	185	130	306	1,311	2,25,510			3				3	300
		21	6	4	18			21	8	4	19	46	2,710								
2	10	101	117	146	259	107	60	419	416	358	696	2 034	2,13,220	17	8	226	80	9	39	379	47,170
60	16	62	122	128	305	106	19	77	143	142	327	814	1,36,460		2	2	40	17	116	177	4,700
4	1	25	105	244	322	4	1	33	233	350	624	1,145	81,690			1	...	1	1	3	130
13	6	123	160	169	150	50	69	233	303	336	363	1,354	1,33,300	8	23	66	74	24	5	199	29,530
10	25	360	111	65	52	10	25	445	141	65	52	738	75,870	75	1	11	12	1	20	129	77,310
36	67	522	1,825	1,248	1,701	404	190	1,153	2,262	1,905	2,573	8,497	7,91,280	87	46	462	730	207	2,428	3,960	2,21,120
2	5	12	21	11	30	12	16	33	36	57	60	213	26 790			1				1	100
35	18	14	27	49	161	104	35	22	63	95	400	760	1,92,550	8	5	10	12	1		36	13,120
27	17	23	217	541	292	27	17	23	217	546	295	1,127	62,560								
								30	17	10	9	66	4,140		5	4	1	3		13	750
10	20	166	188	333	477	107	115	693	567	620	895	2 997	2 83 500	14	11	8	35	63	61	212	24,320
62	74	863	744	657	1,062	684	689	3 152	2 511	3 223	5 585	15,844	15 99 560	5	6	43	120	35	99	308	19,990
		14			5	1,027	558	5,140	4,745	7,162	10,603	29,235	23,06,520	7	4	22	36	40	86	195	14,860
9	21	236	258	185	258	32	58	511	473	441	519	2,034	1,46 760	5	10	234	275	77	138	739	50,070
1	1	70	169	[illegible]	110	1	1	70	169	197	435	873	25,240	1		3	40	79		123	4,890
																	1	29	49	79	1,120
17	54	356	399	241	459	17	54	356	399	281	459	1,566	1,09 760	1	4	10	26	28	12	82	6,000
16	19	95	123	72	170	144	90	278	204	134	273	1,123	2 72 410	29	2	54	4	1	1	91	35,630
12	24	214	169	105	170	389	240	936	777	297	540	3,188	6,57,200								
1	6	20	44	27	46	2	12	54	53	81	54	206	17,210	8						8	6,000
7	3	16	8	21	13	551	184	544	107	280	448	1,873	6 92 010	2		84	3			89	10,550
18	69	196	130	102	107	36	113	346	172	103	423	1,193	1 41 090		10	40	22	1		73	10,120
36	54	541	356	327	625	554	211	1,219	712	584	903	4,183	8 37,710		1	8	4	5	21	39	1,810
12	32	95	96	118	252	26	43	102	80	126	263	649	66,850	12	1	8	4	14	15	54	13,930
31	20	168	163	121	204	54	25	237	201	135	261	913	1 05,560	5	3	40	1			49	10,550
			5	2	18	84	49	110	7	5	44	200	1,20,800	3						8	3,000
668	552	6,792	7,882	7,957	13,615	7 671	4,799	30,637	27,362	34,821	50,085	1 55,360	1 56,96,670	612	275	2 134	2,062	1,372	4,649	11,104	11,39,930
				11	71	239			19	123	259	401	6,000				1	2	74	77	830
		310	35	196	171			316	35	241	170	762	39,870			114	17	23	68	114	11,420
		80	93	161	278			180	93	161	279	653	41 460			1	3	178	6 899	189	2,060
...		899	900	756	1,187			1,029	1,100	1,881	2 037	5 637	2,10 980			51	34	65	542	7,091	72,800
		83	45	324	207			194	97	1 067	807	1,653	48 410			1	60	2	77	692	14,520
		364	214	264	83			364	214	264	83	925	83 210			5	7	6	5	130	3,410
		42	142	263	478			42	142	263	478	925	21,340							23	1,020
		175	93	289	516			175	93	289	516	1,072	43,580								
		9		10	2			9		10	2	21	1,120								
		1,948	1,533	2,327	3,100			2,250	1,883	3,779	4,128	12,049	4,67,410			173	112	277	7,665	8,227	1,05,090

with Notes issued in payment of Government dues; no separate Registers having been kept

Currency Notes

Divisions.	Districts.	From Bank of Bengal. 1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	From other Treasuries. 1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	From the Public Government 1,000 Rupees.	500 Rupees.	100 Rupees.
Assam.	Cossyah Hills	...	...	...	...	...	...	...	...	...	...	...	...	1	7	26
	Durrung	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Gowalpara	...	...	...	...	...	...	...	...	...	...	...	...	...	1	4
	Kamroop	...	...	...	...	...	...	90	45	178	61	34	56	...	...	...
	Lukhimpore	...	...	...	...	...	...	...	...	...	...	...	...	70	28	136
	Nowgong	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Seebsaugor	...	...	...	...	...	...	...	...	...	...	...	...	77	12	46
Bhaugulpore.	Bhaugulpore	...	...	...	...	...	...	49	63	275	270	150	200	174	114	350
	Darjeeling	...	...	...	...	...	...	...	...	...	...	...	...	101	56	544
	Monghyr	...	...	...	...	100	100	...	...	100	200	200	200	166	37	208
	Purneah	10	20	100	200	350	300	...	...	40	50	200	200	170	135	174
	Central Pergns. — Deoghur	...	...	...	...	...	...	...	...	25	24	73	134	...	1	9
	Central Pergns. — Godda	...	...	...	...	...	...	...	...	12	18	6	38	...	...	...
	Central Pergns. — Nyadoomka	...	...	...	...	...	...	...	...	...	...	...	...	1	2	9
	Central Pergns. — Pakour	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1
	Central Pergns. — Rajmehal	...	...	...	...	...	...	...	4	30	...	...	...	...	...	...
Burdwan.	Bancoorah	...	...	...	...	...	...	...	...	...	...	...	...	28	58	595
	Beerbhoom	...	...	...	...	...	...	...	...	...	...	...	...	135	90	917
	Burdwan	...	...	...	...	...	...	...	...	...	...	...	...	489	307	2,793
	Hooghly	...	...	...	...	...	...	...	...	...	...	...	...	513	366	3,234
	Midnapore	...	...	...	100	150	200	...	...	...	6	...	...	71	82	913
Chittagong.	Bullooah	...	...	...	...	...	...	...	...	...	50	50	100	29	3	...
	Chittagong	...	...	...	...	...	...	...	...	...	...	...	...	73	33	83
	Tipperah	...	...	...	...	...	...	...	...	...	200	250	400	71	1	6
Chota Nagpore.	Hazareebaug	...	...	...	...	...	...	...	8	200	200	200	200	1	2	33
	Lohardugga	...	...	...	...	...	...	2	15	45	45	50	100	...	...	...
	Manbhoom	...	...	...	...	...	...	...	...	...	...	...	...	127	47	384
	Singbhoom	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Cuttack.	Balasore	...	...	25	50	100	250	...	...	...	...	...	...	24	22	297
	Cuttack	...	...	...	...	...	...	...	...	...	140	92	316	4	5	8
	Pooree	...	...	...	...	...	...	...	...	10	200	300	400	2	1	9
Dacca.	Backergung	...	...	50	50	50	100	...	10	50	150	185	200	46	74	145
	Cachar	...	...	...	...	...	...	...	...	...	...	...	...	76	13	305
	Dacca	89	62	525	1,956	1,200	700	121	84	467	187	252	198	...	2	46
	Furreedpore	...	...	...	...	...	...	...	2	10	10	20	10	11	9	16
	Mymensing	...	...	...	...	...	...	...	...	...	...	...	200	43	6	6
	Sylhet	...	...	...	200	400	200	...	...	...	...	...	...	...	...	...
Nuddea.	Sunderbuns	...	...	...	...	...	...	...	...	30	21	11	12	...	...	...
	Jessore	...	...	50	100	100	100	10	10	50	200	200	300	48	28	166
	Nuddea	...	...	...	...	...	...	...	...	...	...	...	...	516	456	2,595
	24-Pergunnahs	...	...	...	...	...	...	...	...	17	33	62	106	815	461	4,683
Patna.	Behar	10	50	300	300	250	200	15	15	400	400	200	200	6	3	39
	Chumparun	...	...	...	...	...	...	...	...	70	200	250	200	...	...	...
	Patna	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sarun	...	...	...	...	...	...	5	45	150	150	100	200	9	2	37
	Shahabad	...	...	...	...	...	...	...	...	...	...	...	...	127	74	265
	Tirhoot	...	...	...	...	...	...	...	...	...	...	...	...	405	216	721
Rajshahye.	Bograh	...	...	...	...	...	...	...	5	25	50	25	50	1	6	16
	Dinagepore	...	...	...	...	...	...	...	...	...	60	200	300	541	173	428
	Maldah	...	...	...	...	...	...	...	...	...	...	...	...	11	53	157
	Moorshedabad	...	...	50	60	50	100	...	...	...	...	...	...	543	173	965
	Pubna	...	...	...	20	50	100	...	8	25	25	33	89	8	22	80
	Rajshahye	...	...	100	100	100	100	5	3	100	20	...	100	41	23	67
	Rungpore	...	...	...	...	...	...	...	...	...	...	...	...	87	49	107
	Total A.	109	132	1,200	3,186	2,900	2,450	297	317	2,309	2,964	3,143	4,565	5,661	3,253	22,623
	No. 1 Notes.				From Gowhatty.											
Assam.	Cossyah Hills	...	...	...	20	100	100	...	...	...	...	...	...	...	...	...
	Durrung	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Gowalpara	...	...	65	90	150	300	...	...	...	...	...	...	...	...	3
	Kamroop	...	...	...	...	...	...	...	...	325	...	446	...	...	...	...
	Lukhimpore	...	...	...	...	...	...	...	...	...	...	...	...	...	...	85
	Nowgong	...	...	40	40	100	100	...	...	...	...	...	...	...	...	...
	Seebsaugor	...	...	...	80	200	200	...	...	...	...	...	...	...	...	5
Dacca.	Cachar	...	...	95	60	125	250	...	...	...	...	...	...	...	...	7
	Sylhet	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Total B	...	...	200	290	675	950	...	...	325	...	446	...	...	...	100

Note.—In Bhaugulpore and Purneah, Notes received in exchange for silver are included

Received.

In payment of Government dues.			From the Public in exchange for Silver.						Total Receipts.							
50 Rupees.	20 Rupees.	10 Rupees.	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	1,000 Rupees.	500 Rupees.	100 Rupees.	50 Rupees.	20 Rupees.	10 Rupees.	Number.	Value.
1	...	387	..	1	12	9	7	145	1	8	38	10	7	532	596	14,760
..	..	...	43	82	239	46	22	17	43	82	239	46	22	17	449	1,10,810
1	4	2	20	8	18	8	14	50	20	9	29	9	18	52	130	28,030
..	...	...	76	50	289	134	129	146	166	95	467	195	163	202	1,288	2,75,230
24	592	217	12	12	76	80	220	248	82	40	212	104	812	465	1,715	1,49,290
...	...	...	40	31	27	8	16	35	40	31	27	8	16	35	157	59,270
1	3	4	19	10	41	5	5	20	96	22	87	6	8	24	243	1,16,400
205	197	234	3	3	14	19	3	4	226	180	639	494	350	438	2,327	4,15,980
279	371	394	15	24	230	96	109	270	116	80	774	375	480	664	2,489	2,68,390
62	30	85	31	18	83	52	16	7	197	55	391	314	346	392	1,695	2,90,140
100	90	85	...	...	...	...	...	...	180	155	314	350	640	585	2,224	3,25,050
...	1	2	...	...	...	...	...	...	...	1	34	24	74	136	269	7,940
...	...	...	...	...	6	2	..	2	...	...	18	20	6	40	84	3,320
3	...	2	...	...	...	...		...	1	2	9	3	...	2	17	3,070
3	4	2	...	1	13	9	16	18	...	1	14	12	20	20	67	3,100
.		...	1	7	90	46	27	53	1	11	120	46	27	53	258	21,870
445	375	699	1	6	166	55	9	15	29	64	761	500	384	714	2,452	1,76,920
607	564	694	1	5	90	59	66	196	136	95	1,007	666	630	1,090	3,624	3,41,000
4,124	6,429	7,618	5	5	33	17	42	64	494	312	3,826	4,141	6,471	7,682	22,926	14,45,890
2,823	4,449	6,798	38	14	274	187	208	278	551	380	3,508	3,010	4,657	7,076	19,182	14,06,200
558	396	612	40	4	16	21	16	10	111	86	929	679	562	822	3,189	3,00,310
7	...	3	...	..		1			29	3		58	50	103	243	35,430
21	50	16	556	140	389	347	445	462	629	173	472	368	495	478	2,615	7,95,780
7	3	9	1	...	...	18	..	...	72	1	6	225	253	409	966	93,500
14	23	31	...	7	105	45	73	62	1	17	338	259	296	293	1,204	65,100
.	..	..	3	8	75	98	130	152	5	23	120	143	180	252	723	41,770
166	87	137	5	11	166	60	25	22	132	58	550	226	112	159	1,237	2,31,130
...	...	...	...	..	24	8	4	13	..	...	24	8	4	13	49	3,010
168	55	74	100	46	320	277	164	252	124	68	642	495	319	576	2,224	2,59,090
4	13	14	102	46	71	39	52	56	106	21	79	183	157	386	932	1,40,550
6	13	29	2	...	12	27	36	91	4	1	31	233	349	520	1,138	31,430
103	107	30	5	7	50	74	18	38	51	91	295	377	360	368	1,542	1,55,730
56	33	41	9	13	130		26	1	85	26	435	153	59	42	800	1,50,750
49	73	155	270	62	344	470	527	904	480	220	1,382	2,662	2,052	1,957	8,753	9,21,910
16	30	28			5	9	7	22	11	11	31	35	57	60	203	23,090
6	8	14	126	34	26	32	10	19	169	40	32	38	18	233	530	1,96,790
2	8	3	27	17	23	10	40	30	27	17	23	212	448	233	960	59,690
...	...	...	...	...	...	...	...	...	...	...	30	21	11	12	74	4,390
176	302	404	59	65	318	76	49	80	117	103	584	552	651	884	2,891	2,76,360
2,146	2,836	4,490	168	234	467	270	215	400	684	690	3,062	2,416	3,051	4,880	14,783	15,65,820
4,433	6,844	9,802	214	99	394	159	41	22	1,029	560	5,094	4,625	6,947	9,986	28,241	22,88,450
43	30	63	...	...	5	5	1	17	31	68	744	748	481	480	2,552	1,91,220
...	1	3	2	1	3	9	6	17	2	1	73	209	..	.	762	27,590
...	...	...	...	...	..	...	...	...	...	..	..	...	..	.	...	.....
37	9	11	2	7	101	121	104	207	16	54	288	308	213	418	1,297	,95,640
168	110	153	...	3	11	19	3	22	127	77	276	187	113	175	955	2 06,460
518	233	264	4	8	156	109	58	74	409	224	877	627	291	338	2,766	6,49,250
3	6	4	7	...	13	...	...	...	8	11	54	53	31	54	211	22,710
50	39	148	...	...	...	..	...	...	541	173	.428	110	236	448	1,939	6,85,060
65	39	48	21	62	216	126	64	372	32	115	373	191	108	420	1,234	1,42,610
571	513	656	11	27	129	66	18	32	554	200	1,144	697	581	788	3,966	8,22,750
40	53	79	19	11	5	7	2	8	27	41	110	92	138	276	684	68,620
66	26	41	1	2	10	16	9	20	47	28	277	202	135	261	950	1,04,110
6	3	5	...	...	3	1	2	6	87	49	110	7	5	11	269	1,23,060
18,182	25,052	34,780	2,059	1,171	5,288	3,449	3,054	4,979	8,126	4,873	31,420	27,732	35,149	46,771	1,58,074	1,62,41,820
..	1	30		.			22	194	...	..		20	123	324	467	6,700
...	...	...	...		377	30	81	51	...	..	377	30	81	51	539	41,330
4	4	2	..	.	63	16	18	10	.	...	131	110	172	312	725	25,160
...		...	...	...	400	238	257	755	..	.	725	238	703	755	2,421	1,06,010
10	572	162		.	39	67	213	248	.		124	77	785	410	1,396	36,050
...	...	..	.	.	208	137	67	18			248	177	167	118	710	38,170
8	7	2	.	.	34	38	11	179	..	..	39	126	218	381	764	18,370
.	.	.	.	...	95	31	146	287		.	195	91	271	537	1,094	44,740
...	...	...		...	9		10	2			9		10	2	21	1,120
22	584	196	.	.	1,223	557	825	1,744	...	..	1,848	869	2,530	2,890	8,137	3,07,750

with Notes received in payment of Government dues, no separate registry having been kept.

Secretary.

APPENDIX XVI.

Copy of Financial Letter from India,—(No. 36, dated 2nd July 1852).

We have decided on bringing to the immediate notice of your Hon'ble Court the peculiar position of the gold coinage in India.

2. By Act XVII of 1835 of this Government, it was enacted the 5, 10, 15, and 30 Rupees gold pieces only should be coined in the Indian Mints, and that no gold coin should thenceforward be a legal tender of payment in any of the territories of the East India Company.

3. By a subsequent proclamation issued on 13th January 1841, Officers in charge of public treasuries were authorized to receive freely the gold coins struck under the provisions of the foregoing Act at their denominated value, until they should have passed a certain limit of lightness when they were to be taken as bullion only by weight.

4. It is not clear what was the precise object in thus engaging to receive coins which were no longer a legal tender of payment. If the market price of gold exceeded the denominated price of the coin in silver, then it was certain that no gold would be received at all; whereas, on the other hand, if the price of gold fell in the market below the silver denomination of the coin, in that case the Government would be bound to accept payment in a coin that was of no use to it, since it was not a legal tender, and could not be re-issued in discharge of public liabilities.

5. The case would have been different had gold been permitted to continue a legal tender equally with silver, for then, though the cheaper metal of the two would have had a tendency to displace the dearer as a currency, still, though gold were the cheaper, the Government would have been on equal terms with the public, for it could equally have made use of its receipts in gold for re-issue.

6. By adopting the course it did of declaring gold no longer a legal tender, and yet undertaking to receive it in liquidation of demands, it laid itself under the disadvantage of being open to be embarrassed with a coin which was of no use, and must ordinarily have been paid for above its value, since experience has not shown that gold and silver can ever retain so exactly the relative value to each other of 1 to 15 as to circulate indiscriminately as currency without variations of price.

7. This inconvenient result is now forcing itself on our attention, and threatens to become still more serious in consequence of the recent discoveries of gold in New South Wales.

8. The quantity of gold in the Indian Treasuries at present is upwards of 30 lakhs of Rupees worth, and the tendency has been gradually, though somewhat slowly, to increase for the last two years. This amount in itself would not have embarrassed us, though obviously, there is no advantage in being in possession of so large an amount of coin of which we can make no use in aid of the public expenditure in India.

9. But we have reason to believe that speculations are already in progress for forming connections with Australia for the express purpose of bringing up gold when the direct line of steam communication is open next year, in order to take advantage of the Government proclamation of 1841, by which gold is still receivable at 15 Rupees to the so-called gold piece; and, in this case, we run the risk of being seriously inconvenienced by an excessive stock of this metal.

10. It is true that gold might be made use of as a remittance to England in liquidation of a portion of the supply annually required for the service of your Hon'ble Court's Home Treasury; but as it might then go, not in adjustment of the balance of trade between the East and the West, but only because it was of no use as coin in India, we apprehend that the possibility of so employing it can form no sufficient argument for continuing to receive what, by the existing law, is not a legal tender of payment in this country.

11. Looking at the question in this light, we are of opinion that the proclamation by which gold is now receivable into the Public Treasuries at 15 Rupees to the Company's Gold Mohur should be withdrawn, and the existing law enforced that declares gold not to be a legal tender of payment in the territories of the East India Company.

12. Unless, therefore, we receive your Hon'ble Court's instructions to the contrary in reply to this letter, we shall carry our views into effect, as we consider the public entitled to early notice of a change of practice that must materially interfere with their speculations in gold.

Copy of Financial Letter to the Government of India,—(No. 52, dated 20th October 1852).

In your despatch in this Department, dated the 2nd July 1852, No. 36, you draw our attention to the position of the gold coinage in India.

2. You observe that the effect of the proclamation* of the 13th January 1841, authorizing Officers in charge of public treasuries to receive freely, at their denominated values, the gold coins struck under the provisions of Act XVII of 1835, has been and is likely to be still more embarrassing to your Government. The extensive discoveries of gold in Australia having had the effect of diminishing its value relatively to silver, holders of gold coin have naturally availed themselves of the opportunity of obtaining at the Government Treasuries a larger price in silver than they could obtain in the market; and gold not being a legal tender of payment, you are unable to re-issue the coins so received in discharge of public liabilities. Hence under the existing practice, the flow of gold coin into the Government Treasuries is certain to increase with the

* Officers in charge of public treasuries are hereby authorized freely to receive these gold coins (Mohur, half Mohur, third Mohur, and double Mohur) at the rates, until further orders, respectively denoted by the denomination of the piece until they shall have passed the limits of lightness allowed for wear laid down in the annexed Table, when they will only be receivable as bullion, and be subject to a deduction of one per cent. for seignorage.

augmentation of the supply, and the consequent cheapening of Gold Bullion, whilst your Government will not find it practicable to make any use thereof in aid of the public expenditure of India.

3. Under these circumstances, it is obviously important at once to check the receipt of gold into the Indian Treasuries, otherwise every kind of speculation in gold will be encouraged to the detriment of Government. But we have never regarded the proclamation of the 13th January 1841 as conveying the interpretation which you give to it. It did not appear to us to impose upon the Officers in charge of treasuries an obligation to give silver for gold, but only to authorize them to receive gold in exchange for silver if it suited their convenience to do so. In our despatch in this Department, dated 28th May 1851, we made the following remarks with reference to the proclamation in question :—"For the public convenience, you may consent to receive them (the gold coins) into your treasuries and to exchange silver for them at fixed rates; but for your security, you will decline to continue to receive them at a loss, or in other words, you will refuse to buy gold above its real value, and thus give an undue profit to the merchant at the expense of the State."

4. From the tenor of your present observations, however, we conclude that you hold a different opinion as to the purport of the proclamation of 1841, and that so long as it continues in force, you consider it binding upon Treasury Officers to receive the gold coins in exchange for silver at their denominated values. In this view, we entirely approve of your intention to give immediate notice of the withdrawal of the proclamation, but it will still remain for you to consider the important question, whether it be desirable to continue to denominate the Gold Mohur as equivalent to 15 Rupees, when its real value is shown not to be so great. It may be premature at present or until further and more definite experience has been gained of the extent of the new supplies of gold to adopt a measure which would alter the monetary denomination; yet as every day is forcing the subject into prominence, it is well to be prepared to take measures for adjusting the relative nominal values of the Rupee and the Gold Mohur when you may be able to effect it.

APPENDIX XVII.

Treasury Rules.

CURRENCY NOTES.—1. Currency Notes are to be received freely in payment of all Government dues, and to be issued, without reserve, either in exchange for silver, or in payment of sums due from the Government.

2. Persons receiving money from a Government Treasury should be asked whether they wish to receive the whole or any part thereof in Notes; but no influence is, on any account, to be used to induce any one to accept Notes rather than silver.

3. Unless especially authorized by the Accountant General to adopt a different practice, Treasury Officers may not cash Currency Notes, except in small sums as an accommodation to private parties or travellers; and they must take care not even to do this to such an extent as to affect materially their cash balances.

4. Whenever a supply of Notes is required for the use of a Treasury, the Collector is to apply to the Accountant General, Bengal, for a remittance, stating the amount and the denominations required.

5. Notes are never to be returned to the Presidency, or remitted to any other Treasury, except under the direct instructions of the Accountant General. When a remittance is to be made, the left-hand halves of the Notes only are to be sent in the first instance; the right-hand halves being retained until the receipt of the left-hand halves is acknowledged. As soon as the first halves of the Notes are despatched, the Notes are to be registered and entered in the accounts as *issued*; and as soon as the first halves of a remittance are received, the Notes are to be registered and entered in the accounts as *received*. Covers containing halves of Notes are invariably to be registered in the Post Office.

6. A Register, bearing the countersignature of the Officer in charge of the Treasury, is to be kept at each Treasury in the following form :—

Register of Currency Notes received and paid at the ———Treasury.

Date of receipt.	From whom received.	No of each Note.	Value of each Note.	Date of issue.	To whom issued

The entries in this Register will include Notes of all values. The Notes are to be entered in the order in which they are received, and issued in the order in which they stand on the Register;—the Note of the particular value required, which stands first on the Register, being first issued. Treasury Officers are prohibited from inscribing their names on the Notes that they issue.

7. An abstract Register of each day's transactions is to be kept in the form furnished by the Board of Revenue; and a return of the Receipts and Issues of Notes at each Treasury is to be made quarterly to the Board in the form that they may prescribe.

8. Currency Notes are to be kept arranged in the order in which they are entered in the Register prescribed by Clause 6, in a separate tin or iron box inside the double-locked treasure chest; a small supply of the lower values only being left in the Treasurer's charge for current purposes.

9. Separate additional Registers must be kept and Returns made, in the Districts of the Assam Division and in Sylhet and Cachar, of the Receipts and Issues of the No. 1 Notes.

APPENDIX XVIII.

Notes of other Circles in Calcutta.

3rd July	1865	...	...	Rs. 30,96,810
9th October	„	..	...	„ 12,70,570
8th December	„	...	...	„ 8,33,660
2nd January	1866	...	...	„ 3,99,420
13th February	„	...	...	„ 17,38,230

Notes of other Circles cashed at Head Offices.

3rd July	1865	...	...	Rs. 34,96,810
9th October	„	...	...	„ 29,15,570
8th December	„	...	...	„ 22,87,030
2nd January	1866	...	...	„ 6,25,690
13th February	„	...	..	„ 17,43,430

APPENDIX XIX.

Extracted from the Report to the Secretary of State for India in Council for the year 1864-65.

Railway.	Number of Shareholders on the 31st December 1864.						Number of Debenture Holders.	Total Number of Proprietors, 31st December 1864.
	Registered in England.			Registered in India.				
	With Stock to the amount of £ 1,000 and upwards.	With Stock of less amount than £1,000.	Total Number in England.	Europeans.	Natives.	Total in India.		
East Indian	4,776	5,004	9,780	165	96	261	2,763	12,804
Great Indian Peninsula	2,841	3,864	6,705	86	137	223	1,044	7,972
Madras	1,818	2,445	4,263	...	...	...	813	5,076
Bombay, Baroda, and Central India.	1,231	2,013	3,244	21	69	90	830	4,164
Scinde ...	510	613	1,123	16	3	19	290	1,432
Punjab ..	475	733	1,208	17	2	19	63	1,290
Delhi ...	440	594	1,034	40	6	46	...	1,080
Indus Flotilla ..	87	203	290	...	...		120	410
Eastern Bengal ...	309	431	740	8	20	28	357	1,125
Great Southern .	202	353	555	4	11	15	90	660
Calcutta and South Eastern.	111	250	361	27	49	76	83	520
Totals ..	12,800	16,503	29,303	384	393	777	6,453	36,533

APPENDIX XX.

Abstract Statement of Bullion, Gold and Silver, imported into and exported from each Presidency of India, and the amount coined at the several Mints within each Presidency from 1801 *to* 1864, *both inclusive.*

Presidency.	Imports.				Exports.				Excess of Imports over Exports.	Coinage.			
	Gold.	Silver.	Mixed.	Total.	Gold.	Silver.	Mixed.	Total.		Gold.	Silver.	Mixed.	Total.
	£	£	£	£	£	£	£	£	£	£	£	£	£
Bengal ..	21,043,659	87,413,117	27,941,970	136,397,746	581,914	10,103,284	9,540,366	20,225,564	116,172,182	5,327,670	129,114,847	...	134,442,417
Madras ..	6,003,888	15,955,967	180,595	22,140,450	797,366	6,571,276	18,928	7,387,570	14,752,880	2,821,189	15,675,898	6,640,166	25,137,243
Bombay	31,283,672	79,154,919	28,150,928	138,589,519	193,732	11,065,452	2,211,609	13,470,793	125,088,726	2,179,173	62,752,133	...	64,931,306
	58,330,220	182,524,002	56,273,493	297,097,715	1,573,012	27,740,012	11,770,903	41,083,927	256,013,788	10,327,932	207,542,898	6,640,166	224,510,966

APPENDIX XXI.

Coinage of Gold in the three Presidencies from 1801 *to* 1862.

Years ending 30th April.	Bengal.	Madras.	Bombay.	Years ending 30th April.	Bengal.	Madras.	Bombay.
	£	£	£		£	£	£
1801	...	No information.		1833	252,900	255,540	No information.
1802	8,314		229,174	1834	261,859	395,880	
1803	12,785		22,765	1835	168,484	287,520	
1804	8,950		72,554	1836	119,734		
1805	12,694		208,338	1837	6,815		
1806	13,015		26,566	1838	25,426	Operations of the Mint suspended.	
1807	9,177		70,667	1839	34,471		None.
1808	23,175	171,515	73,857	1840	79,156		
1809	5,080		19,001	1841	56,772		
1810	3,189	453,600	22,039	1842	23,101		
1811*	102,966		155,590	1843	None.	None.	
1812	185,470	261,472	341,216	1844	16,634		
1813	125,632		239,396	1845	17,976	8,360	
1814	109,185		305,064	1846	15,454	10,054	3,639
1815	150,196	320,851	No information.	1847	42,733	None.	
1816	93,599		94,989	1848	16,293	30,000	None.
1817	136,320		81,191	1849	70,470		1,530
1818	156,728		No information.	1850	32,452		1,935
1819	36,310	855,937	100,758	1851	121,782		3
1820	53,767		107,032	1852	62,550		
1821	82,605	895,325	No information.	1853	None.		None.
1822	42,633	920,825		1854	145,678		
1823	27,921	849,250	36	1855	2,677		
1824	12,651	995,950		1856	167,863	None.	1,833
1825	297,295	682,900		1857	126,419		
1826	336,502	465,900		1858	43,783		
1827	342,683	464,025	No information.	1859	124,322		
1828	47,902	331,400		1860	68,594		None.
1829	50,180	269,600		1861	69,374		
1830	102,403	222,350		1862	58,665		
1831	175,890	286,301					
1832	196,202	800	None.				

The total Coinage as shown above amounts to £ 210,389,164.

The figures in antique denote mixed Coinage.

APPENDIX XXII.

Weekly average Circulation of Bank of Bengal Notes from 1857 to 1861,

Date. 1857.	Amount.	Date. 1858.	Amount.	Date. 1859.	Amount.	Date. 1860.	Amount.	Date. 1861.	Amount.
	Rs.		Rs.		Rs.		Rs.		Rs.
Jan. 7 ..	1 58 27 446	Jan 6 ...	1 10 21 894	Jan. 5 ...	1 62 23 572	Jan. 4 ...	1 84 02 717	Jan. 2 ...	1 55 06 331
„ 14 ...	1 62 87 080	„ 13 ...	1 24 81 103	„ 12 ...	1 65 05 670	„ 11 ...	1 93 02 542	„ 9 ...	1 81 49 206
„ 21 ...	1 72 08 274	„ 27 ...	1 16 08 232	„ 19 ...	1 62 78 244	„ 18 ...	1 77 32 317	„ 16 ...	1 86 68 515
„ 28 ..	1 72 95 [illegible]	Feb. 3 ...	1 15 61 042	„ 26 ...	1 74 59 064	„ 25 ...	1 81 48 832	„ 23 ...	1 94 88 843
Feb. 4 ..	1 50 55 857	„ 10 ...	1 28 20 347	Feb. 2 ...	1 48 74 444	Feb. 1 ...	1 89 86 417	„ 30 ...	1 91 25 675
„ 11 ..	1 53 40 985	„ 17 ...	1 28 88 602	„ 7 ...	1 46 90 844	„ 8 ...	2 00 57 742	Feb. 6 ...	1 70 66 660
„ 18 ...	1 49 01 170	„ 24 ...	1 49 44 057	„ 16 ..	1 52 85 094	„ 15 ...	2 27 77 572	„ 12 ...	1 82 72 380
„ 25 ..	1 54 82 210	March 3 ..	1 48 01 182	„ 23 ...	1 55 53 054	„ 22 ...	2 33 31 066	„ 20 ...	1 82 95 175
March 4 ...	1 57 36 131	„ 10 ...	1 40 06 992	March 1 ...	1 53 77 079	„ 29 ...	2 29 93 061	„ 27 ...	1 86 85 090
„ 18 ...	1 56 01 781	„ 17 ...	1 48 69 757	„ 9 .	1 51 02 293	March 5 ...	2 27 18 121	March 6 ..	1 60 19 544
„ 25 ...	1 74 27 854	„ 24 ...	1 62 28 722	„ 16 ...	1 62 61 683	„ 14 ...	2 00 26 625	„ 13 ...	1 63 24 340
April 1 ...	1 59 53 141	„ 31 ...	1 62 82 342	„ 23 ...	1 55 33 078	„ 21 ...	1 89 93 755	„ 20 ...	1 67 15 849
„ 8 ...	1 51 44 226	April 7 ..	1 50 14 022	April 6 ...	1 41 44 366	„ 28 ...	1 91 20 080	April 3 ...	1 85 01 024
„ 15 ...	1 48 52 911	„ 14 ...	1 47 76 391	„ 9 ...	1 54 34 951	April 11 ...	1 85 90 449	„ 10 ...	1 81 21 664
„ 22 ..	1 60 39 791	„ 21 ...	1 47 07 891	„ 20 ...	1 42 95 476	„ 18 ...	1 46 58 980	„ 17 ..	1 66 55 489
„ 29 ...	1 67 90 421	„ 28 ...	1 44 45 061	„ 27 ...	1 42 91 348	„ 25 ...	1 37 73 829	„ 24 ...	1 64 99 095
May 6 ..	1 55 26 331	May 5 ...	1 45 19 211	May 4 ...	1 53 07 185	May 2 ...	1 39 58 009	May 1 ...	1 72 39 864
„ 13 ...	1 65 24 756	„ 12 ...	1 37 98 270	„ 11 ...	1 40 14 590	„ 9 ..	1 45 69 070	„ 8 ...	1 63 94 269
„ 20 ..	1 62 02 966	„ 19 ...	1 19 77 060	„ 18 ...	1 48 28 685	„ 16 ...	1 50 06 000	„ 15 ...	1 62 26 739
„ 27 ...	1 66 86 755	„ 26 ...	1 15 75 050	„ 25 ...	1 40 65 540	„ 20 ...	1 48 76 954	„ 22 ...	1 72 72 589
June 3 ..	1 58 46 045	June 2 .	1 16 40 800	June 1 ...	1 40 80 815	June 6 ...	1 47 82 329	„ 29 ..	1 77 34 139
„ 10 ...	1 56 81 409	„ 9 ...	1 16 89 415	„ 8 ...	1 45 01 590	„ 13 ...	1 55 54 308	June 5 ...	1 67 11 234
„ 17 ..	1 60 98 723	„ 16 ...	1 22 01 358	„ 14 ...	1 46 33 869	„ 27 ..	1 50 72 293	„ 12 ...	1 62 87 604
„ 24 ..	1 72 03 963	„ 23 ...	1 26 43 575	„ 22 ...	1 35 17 481	„ 30 ...	1 47 73 173	„ 19 ...	1 62 50 408
„ 30 ..	1 68 39 228	„ 30 ...	1 32 87 519	„ 29 ...	1 28 39 465	July 4 ...	1 50 29 173	„ 26 ...	1 67 80 328
July 8 ..	1 49 60 253	July 7 ...	1 29 48 768	„ 30 ...	1 29 61 240	„ 11 ...	1 64 77 298	„ 29 ...	1 56 92 353
„ 15 ..	1 56 52 208	„ 14 ...	1 36 91 771	July 6 ...	1 34 06 455	„ 18 ...	1 62 15 708	July 3 ..	1 46 63 253
„ 22 .	1 61 37 598	„ 21 ...	1 28 83 291	„ 13 ...	1 41 88 659	„ 25 ...	1 41 38 808	„ 10 ...	1 44 41 003
„ 29 ..	1 82 31 363	„ 28 ...	1 28 38 891	„ 20 ..	1 51 02 627	„ 31 ...	1 31 23 538	„ 17 ...	1 61 56 657
Aug. 4	1 76 02 487	Aug. 4 ...	1 29 43 881	„ 27 ...	1 55 00 002	Aug. 8 ...	1 32 11 562	„ 24 ...	1 56 80 672
„ 11 .	1 67 32 802	„ 11 ..	1 33 76 291	Aug. 3 ...	1 53 54 917	„ 15 ...	1 67 96 937	„ 31 ...	1 51 53 162
„ 19 .	1 53 04 437	„ 18 ..	1 46 81 666	„ 10 ...	1 55 78 131	„ 22 ...	1 64 59 887	Aug. 7 ...	1 59 36 397
„ 26 ...	1 71 09 822	„ 23	1 53 89 666	„ 17 ...	1 53 61 650	„ 29 ...	1 56 20 432	„ 14 ...	1 67 92 927
Sep. 2	1 68 90 350	Sep. 8 ...	1 56 26 329	„ 24 ...	1 68 80 [illegible]	Sep. 5 ...	1 54 30 802	„ 21 ..	1 70 00 387
„ 9 ...	1 68 39 200	„ 15 ..	1 60 48 323	„ 31 ...	1 64 76 825	„ 12 .	1 59 82 182	„ 28 ..	1 66 73 478
„ 15 ...	1 55 74 435	„ 22 ..	1 52 16 157	Sep. 7 ...	1 49 70 550	„ 19 ...	1 60 42 096	Sep. 4 .	1 54 01 922
„ 22 .	1 35 87 390	„ 29 ...	1 50 90 867	„ 14 ...	1 54 13 725	„ 26 ..	1 64 79 346	„ 11 .	1 51 08 722
Oct. 7 ...	1 13 71 014	Oct. 5 .	1 57 49 731	„ 21 ...	1 64 00 219	Oct. 3 ...	1 60 74 756	„ 18 ..	1 51 90 107
„ 14 ...	1 17 24 648	„ 27 ...	1 79 00 400	„ 28 ..	1 64 90 174	„ 10 ..	1 70 06 995	„ 25 ...	1 56 89 702
„ 21	1 24 00 077	Nov. 3 ..	1 79 32 315	Oct. 10 ...	1 60 57 864	„ 17 ...	1 85 69 585	Oct. 2 ...	1 64 44 762
„ 28 ...	1 15 70 061	„ 10 ...	1 92 69 095	Nov. 2 ...	1 74 62 643	„ 31 ..	1 81 94 610	„ 9 .	1 60 35 367
Nov. 4 .	1 07 64 871	„ 17 ..	1 93 61 148	„ 9 ...	1 73 68 173	Nov. 7 ..	1 79 36 355	„ 30 ...	1 67 92 832
„ 11 ..	1 16 79 539	„ 24 ...	1 83 16 938	„ 16 ...	1 73 83 378	„ 19 ..	1 85 77 010	Nov. 6 ..	1 79 20 202
„ 18 .	1 37 40 876	Dec. 1 ..	1 68 86 150	„ 23 ...	1 88 51 872	„ 28 .	1 54 91 236	„ 13 .	1 69 83 522
„ 25 ..	1 24 64 779	„ 8 ..	1 68 07 010	„ 30 ...	1 94 63 777	Dec. 5 ..	1 61 41 051	„ 20 ..	1 75 30 397
Dec. 2 .	1 14 71 094	„ 15 ..	1 60 65 968	Dec. 7 ..	2 02 28 592	„ 12 ..	1 61 72 771	„ 27 .	1 72 81 751
„ 9 ..	1 22 69 944	„ 22 ..	1 70 84 563	„ 14 ...	2 20 53 017	„ 19 ...	1 64 28 071	Dec. 4 .	1 77 62 689
„ 16 ..	1 24 85 089	„ 29 ..	1 59 25 858	„ 21 ..	2 17 74 052	„ 26	1 70 38 071	„ 11 .	1 84 38 330
„ 23 ..	1 06 31 434	„ 31 ..	1 60 54 152	„ 28 ...	2 14 55 967	„ 31 ..	1 53 92 931	„ 18 ...	1 80 78 295
„ 30 ..	1 10 01 024							„ 24 .	1 98 57 969
„ 31 ..	1 12 76 189							„ 31 ...	1 77 03 123
Total Rs.	76 18 19 146		71 59 91 347		78 37 80 375		83 21 89 303		86 50 09 199
Weekly average	1 40 37 512		1 46 12 069		1 59 95 701		1 66 43 786		1 66 40 330

DENOMINATION OF NOTES FROM Rs. 10.

Statement showing the Monthly Circulation of Bank of Bengal Notes from January 1857 to March 1862.

1857.		Rs. 10.	Rs. 15.	Rs. 16.	Rs. 20.	Rs. 25.	Rs. 50.	Rs. 100.	Rs. 250.	Rs. 500.	Rs. 1,000.	TOTAL.
January	1	2,88,610	2,61,465	5,424	4,47,320	6,12,275	13,59,250	27,29,100	17,95,250	18,45,000	67,54,000	1,60,07,694
February	1	3,00,080	2,64,075	5,302	4,46,100	6,13,550	13,60,050	27,48,500	18,50,000	18,30,500	70,41,000	1,70,75,347
March	1	3,00,430	2,54,055	5,248	4,35,360	6,12,700	13,04,950	27,26,300	17,87,500	16,60,500	70,14,000	1,62,26,042
April	1	3,09,880	2,57,325	5,152	4,46,240	6,15,250	13,90,650	27,94,900	19,22,500	16,83,000	63,26,000	1,57,50,707
May	1	3,10,700	2,54,355	5,136	4,37,480	6,04,350	13,81,750	28,38,100	19,42,500	17,42,000	72,79,000	1,67,95,371
June	1	3,13,010	2,53,965	5,120	4,30,360	6,08,800	13,82,150	28,08,900	19,06,000	15,92,000	66,74,000	1,65,51,005
July	1	3,01,120	2,33,145	5,088	4,09,100	5,85,175	13,46,200	27,20,900	19,42,500	15,83,000	70,55,000	1,69,30,228
August	1	2,92,470	1,20,710	5,088	3,84,100	5,52,825	12,31,050	25,91,500	18,22,000	16,90,500	92,17,000	1,80,04,247
September	1	2,89,450	2,15,360	5,072	3,70,960	5,36,375	11,77,750	23,45,700	16,00,750	14,16,500	88,02,000	1,67,51,917
October	1	2,89,080	2,06,750	5,024	3,76,220	5,30,100	11,25,200	22,37,800	15,29,750	12,73,000	59,55,000	1,35,37,899
November	1	2,85,250	1,80,150	4,976	3,14,300	4,50,100	9,60,450	18,80,900	12,84,000	10,17,000	48,58,000	1,06,94,896
December	1	2,52,450	1,70,580	4,864	3,00,040	4,60,750	9,43,600	18,74,300	13,20,500	12,04,000	12,04,000	1,19,22,984
1858.												
January	1	2,50,150	1,68,270	4,864	3,04,680	4,65,825	9,27,200	18,38,700	12,58,000	12,00,500	46,58,000	1,12,76,189
February	1	2,44,100	1,72,755	4,832	2,96,440	4,56,200	9,12,100	18,09,200	12,27,780	11,62,000	53,14,000	1,14,88,073
March	1	2,47,120	1,79,190	4,832	2,99,280	4,66,650	9,18,150	18,40,800	12,86,500	13,28,500	81,06,000	1,40,55,802
April	1	2,41,850	1,77,405	4,832	3,15,180	4,70,325	9,42,200	19,28,300	12,69,250	18,54,000	96,70,000	1,63,82,543
May	1	2,42,190	1,82,190	4,816	3,17,200	5,09,625	9,45,500	19,54,800	12,72,250	18,18,500	78,07,000	1,40,07,621
June	1	2,51,200	1,75,080	4,800	3,17,160	4,86,050	9,59,050	20,35,400	12,94,750	13,32,000	51,82,000	1,31,39,180
July	1	2,77,520	1,58,730	4,784	2,89,280	5,23,775	10,02,600	21,69,100	10,46,250	14,54,500	63,56,000	1,32,87,619
August	1	3,12,450	1,23,600	4,736	2,26,800	6,04,575	10,76,850	22,81,900	7,53,250	10,04,500	56,94,000	1,26,82,561
September	1	3,43,410	1,06,665	4,736	1,96,220	6,72,400	11,88,050	25,32,400	6,26,500	10,06,500	78,33,000	1,54,08,881
October	1	3,67,870	91,545	4,672	1,60,660	6,82,450	12,47,500	26,80,700	5,21,750	20,22,000	76,51,000	1,54,80,147
November	1	3,01,400	83,400	4,560	1,46,040	8,14,300	13,44,700	28,02,000	4,71,000	23,05,000	90,09,000	1,80,45,000
December	1	4,05,490	72,075	4,496	1,28,620	8,16,300	12,86,300	27,12,300	4,15,750	21,04,000	93,08,000	1,73,60,331
1859.												
January	1	4,18,060	62,835	4,432	1,11,080	8,43,975	13,07,150	26,57,900	3,76,750	20,50,000	81,22,000	1,60,54,480
February	1	4,29,840	57,495	4,384	1,00,200	8,78,850	13,31,750	27,93,100	3,46,750	18,60,000	80,27,000	1,59,29,369
March	1	4,33,070	52,725	4,288	91,320	8,90,950	13,61,300	28,00,100	3,28,750	20,57,000	71,88,000	1,52,03,503
April	1	4,54,430	48,360	4,272	81,520	8,90,575	13,63,600	27,87,300	2,98,000	21,01,500	64,32,000	1,43,09,732
May	1	4,55,340	44,505	4,240	75,620	8,90,575	13,42,250	27,81,900	2,78,500	20,87,000	81,47,000	1,61,17,830
June	1	4,04,140	41,850	4,240	70,540	8,01,475	13,17,550	27,74,200	2,67,750	19,75,000	59,79,000	1,37,02,750
July	1	4,67,700	39,435	4,160	66,820	9,30,125	13,40,700	28,31,400	2,46,750	21,07,000	75,45,000	1,55,94,057
August	1	4,79,290	37,560	4,112	64,120	8,65,750	13,41,050	28,27,500	2,35,500	21,91,500	82,17,000	1,64,76,825
September	1	4,79,150	34,185	4,080	61,120	10,35,450	14,81,250	32,21,500	2,18,000	25,74,500	87,05,000	1,79,31,469
October	1	5,02,690	31,455	4,064	57,560	10,11,520	14,38,800	32,86,300	2,21,500	32,70,500	84,18,000	1,69,08,3[illegible]
November	1	5,01,930	32,265	4,048	56,120	10,14,400	14,26,050	30,10,100	2,10,750	23,98,000	1,06,22,000	1,94,83,777
December	1	5,03,780	30,045	4,032	54,520							
1860.												
January	1	5,08,310	28,755	4,032	52,520	10,38,700	14,44,700	30,25,600	2,05,750	27,06,500	1,36,55,000	2,17,29,867
February	1	5,13,670	27,510	4,032	50,620	10,40,000	14,80,150	30,40,000	1,98,750	24,78,500	1,00,35,000	1,88,80,[illegible]
March	1	5,10,320	26,460	4,016	48,580	9,93,675	14,28,600	29,18,000	1,88,000	27,07,500	1,41,36,000	2,20,03,961
April	1	4,98,970	25,515	3,984	46,700	9,81,800	13,80,850	28,14,000	1,75,750	21,34,500	63,09,000	1,44,22,959
May	1	4,92,690	24,315	3,984	45,060	10,00,475	14,02,300	28,00,900	1,72,750	21,65,500	60,20,000	1,41,45,374
June	1	4,97,430	23,655	3,984	43,480	10,92,925	14,39,450	28,77,700	1,70,000	22,40,500	64,80,000	1,47,75,048
July	1	4,97,280	22,890	3,968	42,460	9,85,[illegible]25	14,08,400	28,15,800	1,66,250	21,63,000	50,27,000	1,31,23,334
August	1	4,80,340	22,335	3,968	41,620	9,95,900	14,19,050	29,26,100	1,64,750	22,63,000	74,08,000	1,57,41,757
September	1	4,97,600	21,885	3,952	40,920	10,32,375	14,53,100	30,18,800	1,62,750	22,88,000	76,69,000	1,61,75,526
October	1	5,10,480	21,225	3,936	40,200	10,88,075	15,65,250	33,56,900	1,61,250	27,50,000	86,66,000	1,81,94,610
November	1	5,32,050	20,805	3,920	39,000	10,57,700	14,95,350	31,57,500	1,57,000	23,03,000	69,75,000	1,66,28,801
December	1	5,18,800	20,460	3,776	39,300							
1861.												
January	1	5,22,120	18,995	3,776	38,740	10,62,300	15,07,650	31,80,200	1,53,250	21,74,000	67,31,000	1,58,92,971
February	1	5,31,090	19,740	3,760	37,880	10,92,025	15,14,950	32,26,600	1,51,000	24,10,500	97,77,000	1,88,04,545
March	1	5,44,090	19,110	3,760	37,280	11,22,875	15,30,350	32,97,000	1,48,500	24,02,000	92,40,000	1,83,45,735
April	1	5,50,280	19,410	3,744	36,580	11,22,450	15,10,500	32,67,700	1,44,500	24,34,500	86,46,000	1,77,14,354
May	1	5,40,370	18,810	3,744	36,180	10,93,550	14,62,200	31,56,900	1,42,500	23,74,000	83,83,000	1,72,27,384
June	1	5,46,340	18,345	3,744	35,800	10,73,575	14,38,600	31,70,300	1,40,750	23,37,000	85,46,000	1,75,32,354
July	1	5,40,370	18,000	3,728	35,180	10,99,075	14,37,050	31,45,900	1,38,250	24,55,000	68,69,000	1,66,93,333
August	1	5,34,520	17,670	3,712	34,800	10,25,700	14,05,450	30,56,900	1,35,000	22,18,500	67,23,000	1,61,54,152
September	1	5,36,730	17,520	3,712	34,240	10,39,675	13,05,450	30,04,400	1,33,500	24,45,500	70,18,000	1,61,98,927
October	1	5,52,040	17,235	3,712	34,000	10,70,425	14,21,700	31,07,200	1,32,250	24,46,000	75,44,000	1,68,28,562
November	1	5,55,510	16,950	3,712	33,500	10,92,525	14,36,900	31,45,900	1,31,500	29,00,500	74,37,000	1,67,91,932
December	1	5,64,390	16,635	3,696	33,120	11,59,850	14,36,900	30,93,000	1,31,250	25,92,500	81,42,000	1,71,93,441
1862.												
January	1	5,92,330	16,200	3,680	32,740	11,55,525	14,40,300	32,03,300	1,29,250	28,55,000	82,75,000	1,77,07,125
February	1	5,97,110	15,945	3,680	32,220	11,54,900	14,56,900	33,44,000	1,28,500	27,51,000	90,17,000	1,94,02,365
March	1	5,91,690	15,735	3,616	31,680	11,32,055	14,12,250	32,14,700	1,24,250	24,72,500	47,46,000	1,37,34,291

AVERAGE MONTHLY CIRCULATION IN EACH YEAR.

		Rs. 10.	Rs. 20.	Rs. 50.	Rs. 100.	Rs. 500.	Rs. 1,000.
1857		3,92,427	4,00,729	12,52,987	25,25,000	15,52,583	65,83,250
1858		2,90,902	2,50,598	10,63,100	22,15,325	15,90,166	72,84,333
1859		4,86,017	74,245	13,65,820	28,53,150	22,12,666	77,48,000
1860		5,05,537	44,278	14,48,879	29,69,500	23,14,750	85,35,583
1861		5,47,001	12,374	14,58,129	31,65,900	24,47,416	79,72,333
1862 ... ... (3 months).		5,93,066	32,213	14,36,180	32,54,300	26,02,833	76,40,000

APPENDIX XXIII.

Comparative Statement of the Import of Silver into each Presidency of India for a period of twelve years prior and subsequent to the Gold Discoveries.

Presidency.	From 1811 @ 1852.	From 1853 @ 1864.
	£	£
Bengal	12,932,785	40,737,209
Madras	1,458,329	7,846,358
Bombay	15,828,241	60,084,857
	30,219,355	108,668,424

APPENDIX XXIV.

Colonel Ballard's Memorandum.

At present the Mint purchases gold and silver at a fixed price in any quantity importers choose to bring. The gold is paid for in Gold mohurs and the silver is paid for in Rupees. The gold coinage, however, is only a nominal one, sovereigns being preferred to Gold mohurs. Gold mohurs are not a legal tender. I believe that the best and probably the only way in which a gold currency can be successfully introduced would be to adopt the English system of purchasing gold at the Mint in whatever quantity it may be brought, but only to purchase silver in limited quantities.

I should propose (for reasons to be given afterwards) to make sovereigns and half-sovereigns the gold coins of India, at ten and five Rupees each. Rupees should continue a legal tender for any amount, at least for a long time to come; a large coinage of Rupees should continue for some time; in fact, I would gradually ascertain what amount of gold coin the public require.

To provide this silver coinage I should propose that Government fix in anticipation the amount of silver which would be purchased for any year (or half-year), say for the Calcutta Mint two crores of Rupees. The Mint would invite tenders for that amount in sums of £5,000 and upwards; the persons whose tenders were accepted would be allowed to bring the silver to the Mint any time during the year ensuing; a small deposit of one or two per cent. might be taken, to be forfeited if the silver was not brought.

There might be more convenient ways of providing a silver coinage. I merely give this as an example to show how it could be brought under the control of Government.

Such an alteration in the system of receiving silver for coinage would not affect the interest of any class prejudicially that I can see, and probably not five thousand individuals in all India would be aware that a change had been made.

I believe sovereigns and half-sovereigns would be the best coins to introduce for the following reasons :—

1*st*.—That it is the coin generally used throughout the British dominions. I do not, however, attach much importance to this, especially if the Indian sovereign is not to be made a legal tender in Great Britain.

2*nd*.—Because it is the only gold coin generally known in India. Gold mohurs are now more fancy pieces. I consider this a very strong point in favor of sovereigns.

3*rd*.—That sovereigns usually pass for more than ten Rupees throughout India, and will probably only gradually loose this advantage, even though a limit is placed on the coinage of Rupees. The ryots, and other producers who are the persons most likely to be suspicious of any change, will at first be anxious for payment in sovereigns, and by the time sovereigns have lost their advantage, the mass of the population will have become accustomed to them in the few districts that they are not so already.

4*th*.—That a gold coinage of sovereigns and a silver coinage of Rupees will be very nearly the same as the English coinage, a Rupee being only about ⅛ths of a penny more valuable than a florin. It has been found by experience that the relative values affixed to gold and silver in England is a good one for the purposes of the currency.

The only objection I know which can be urged against introducing the sovereigns at 10 Rupees is that, at the relative values which the precious metals have maintained for some time, sovereigns are worth Rs. 10-3 to Rs. 10-4, or 2 to 2½ per cent. more than the amount for which it is proposed to make them a legal tender. If the Mint is closed to the coinage of silver, the fact of a sovereign being intrinsically worth more than ten silver Rupees will not interfere with the importation of gold to the Mint. There is no difficulty on the score of obtaining the gold, but contracts entered into before the introduction of the

gold coinage would be affected, although the alteration in value would be inappreciable in practice for many years.

If we assume the present silver currency at one hundred and fifty million sterling, and the probable yearly coinage of sovereigns at ten millions, it would be ten or fifteen years before the currency had become half gold and half silver.

After one year the average of payments would be fifteen parts in silver and one part in gold; the payer would pay one-sixteenth of his contract at two per cent. higher than he intended (if his contract was made before the introduction of a gold coinage), or he would pay one eight-hundredth part more on the whole—a difference perfectly inappreciable. The value of money has fallen of late years, debtors have benefitted, creditors have lost. Whatever infinitesimal alteration might be made in their position by the gold coinage, would now be in favor of creditors and against debtors. In ten years' time the difference would amount to less than one per cent., and the only contracts remaining up to that time would probably be the Government debt and the land tenures under Government.

If the system continues by which the Mint purhases both gold and silver in any quantity, I should be afraid that the result will continue as at present. One metal will preponderate perhaps to the entire exclusion of the other, not because it is the one best suited to the country, but because importers find it the cheapest.

If a gold coinage is introduced, perhaps the best way in which Government could regulate the proportionate amount of gold and silver to be added to the currency by future coinage, would be to direct that any person who brings gold to the Mint should receive a permit to bring a certain amount (say an equivalent) in silver; such permits would be issued in favor of "bearer," so that the original holder might keep or sell them.

If the gold coins were found well adapted for the purposes of the currency, then the amount of the permits would be reduced.

APPENDIX XXV.

Value of Notes in Circulation.

		10 Rs.	20 Rs.	50 Rs.	100 Rs.	500 Rs.	1,000 Rs.	Total Value.
		6	5	4	2	3	1	
28th February 1866	Calcutta	17,07,270	20,58,980	27,28,100	50,89,100	32,99,000	1,14,64,000	2,63,46,450
		6	5	4	1	2	3	
" " ..	Allahabad ..	2,18,650	2,54,140	3,70,050	5,64,600	5,19,000	4,56,000	23,82,740
		6	5	3	1	2	4	
" " ..	Lahore ..	1,78,680	2,56,440	7,22,500	11,46,800	8,85,000	5,61,000	37,50,420
		3	5	2	4	6	1	
" " ..	Nagpore ..	97,780	74,500	1,81,850	95,300	56,000	4,62,000	9,70,430
		6	5	4	2	3	1	
" " ..	Madras ..	2,38,900	3,59,700	6,43,000	13,58,900	10,03,500	18,96,000	55,00,000
		6	5	3	1	4	2	
22nd " ..	Calicut ..	21,510	30,640	58,750	88,100	45,500	60,000	3,04,500
		6	5	4	3	2	1	
" " ..	Trichinopoly ..	13,380	21,760	40,400	68,000	71,500	75,000	2,93,040
		6	5	4	2	3	1	
28th " ..	Vizagapatam ..	42,840	47,620	57,750	80,000	59,500	1,05,000	3,92,710
		5	6	3	2	4	1	
22nd " ..	Bombay ..	19,10,000	18,80,000	23,15,000	61,50,000	23,02,000	1,51,48,000	2,97,05,000
		5	6	4	2	3	1	
28th " ..	Kurrachee ..	33,290	32,640	57,500	1,62,800	1,27,000	6,74,000	10,87,230
		6	5	4	2	3	1	
	Total ..	44,62,300	50,16,720	71,77,900	1,48,03,600	83,71,000	3,09,01,000	7,07,32,520

The numbers in antique show description of Notes most in favor according to priority of number.

CALCUTTA MINT,
The 12th March 1866.

APPENDIX XXVI.

From GEO. DICKSON, ESQ., *Secretary and Treasurer, Bank of Bengal, to the Secretary to the Government of India, Financial Department, Simla,—(No.* 1028, *dated* 1*st June* 1866).

With reference to your despatch No. 269 of 27th April, and to my reply of 9th May, I have now the honor to forward copy of the orders and relative supplementary instructions issued to the Bank's Officers regarding the issue, receipt, and payment of Government Currency Notes from 20th February 1862 to 16th January of the present year.

Appended to the above Return is a Statement showing the amoun o Notes other than those issued by the respective Branches, which was cashed and paid at par by the Branches and aggregating nearly 33 lakhs of Rupees.

Subsequent to the establishment of additional Circles, and since the withdrawal of the management of the Paper Currency from the Bank, the Rules of August 4th have been observed at the Branches.

Appended to the information required by your despatch of 27th April, I am directed to send you copy of Circular of 9th May to the Bank's Agents, and the replies thereto received to date. A duplicate is sent herewith, which, if you do not object, you will be good enough to transmit to His Excellency the President of the Currency Commission.

No. 1011, dated Simla, 12th June 1866.

Endorsed by Secretary to Government of India, Financial Dept.
Transferred to the Currency Commission.

CIRCULARS TO THE BRANCHES OF THE BANK OF BENGAL.

ESTABLISHED AT DATE.

TO ALL THE BRANCHES.

20th February 1862.

A supply of Government Currency Notes is herewith made over to you aggregating Rs. 2,00,000. These you will use in the ordinary course of business, on and after 1st March, taking care to avoid any undue anxiety to force them into the hands of the public, and to afford every facility for their immediate encashment. By these means, the native community will eventually place confidence in these Notes, and the circulation will, I am hopeful, gradually increase.

You will observe that your Notes bear a distinguishing mark in blue, those of the other Branches are as follows, the Head Office Notes being without mark,—

RANGOON in black

MIRZAPORE in red

BENARES in black

DACCA in green

In dealing with Notes appertaining to other Branches you will be required to act principally according to your discretion. The terms of the agreement between the Bank and Government in reference to the circulation are that the Bank shall give cash for Currency Notes to the utmost of its power. This applies to the Branches, and though you will, in the exercise of your discretion, take care to counteract any attempts on the part of the Mahajuns to throw the burden of the internal exchange on the Bank and Government, by, for instance, having a large sum of Head Office Notes remitted to your station and demanding cash for same at your Branch, in lieu of taking a bill on you from Head Office at the ruling exchange, yet, in every case as a rule, you will, as far as you can, give every assistance to promote the circulation.

Should you at any time cash Head Office Notes, you will, in terms of your general instructions, transmit them to Head Office at debit of the Bank. Notes belonging to other Branches may be forwarded either through Head Office or direct to the Branches should postal communication permit, care being taken that your instructions relative to registration, &c., are carefully attended to. The reserve of specie to be held against Notes circulated by you will be fixed under the special agreement for your Branch, copy of which shall be furnished in due course.

(Signed) GEO. DICKSON,
Secretary & Treasurer.

TO THE RANGOON BRANCH.

1st March 1862.

By this opportunity I forward Rs. 2,00,000 of Government Currency Notes as per separate list enclosed. These Notes you will, on their arrival, use in the ordinary course of business, taking care to avoid any undue anxiety to force them into the hands of the public, and to afford the same facility for their immediate encashment as you do with your own Notes in every respect. You will observe that Rangoon is not included in the Circle of Issue, so that new Notes must be left to find their way in public confidence just as if they were our own issues.

Notes not issued by yourself you will treat as you do Head Office Notes at present, and send them into debit, care being taken that your instructions as to registration, &c., as laid down in the Instructions are carefully attended to.

(Signed) GEO. DICKSON,
Secretary & Treasurer.

TO THE DACCA BRANCH.

20th September 1862.

It has been communicated to me that you are still following the course complained of in the *Dacca News* in regard to the withholding of the new Currency Notes as specially referred to in my letter of 28th May.

I sincerely trust that the information which I have received is inaccurate or greatly exaggerated, because after the precise instructions sent you to issue the Notes freely and give every facility for their encashment, I cannot but regard a contrary course of procedure as a grave dereliction of duty, and likely to compromise the Bank with Government. I shall be glad to hear from you on the subject at your early convenience.

(Signed) GEO. DICKSON,
Secretary & Treasurer.

16th October 1862.

I have just returned from my holiday vacation, otherwise I should have advised you before to-day, that you must not under any circumstances refuse to issue Currency Notes when asked or demanded by any party whatever. Cashing Notes other than those issued by yourself is in practice attended with little inconvenience, as I do not think you will find large amounts presented; at all events, you must meet not only the demands for those issued at the Branch absolutely, under all circumstances, but to the utmost of your power those issued elsewhere, payment of which may be demanded at Dacca.

Your present issue of Notes outstanding is Rs. 1,27,000, against which you have available silver, exceeding 6½ lakhs of Rupees. You cannot, therefore, run any risk in cashing every Note presented for months to come. I apprehend, as a rule, you give every encouragement for promoting the circulation of the Government Currency, and at any

reasonable sacrifice, in case of need, put yourself in funds to meet extraordinary demands by sale of your drafts on Head Office.

(Signed) GEO. DICKSON,
Secretary & Treasurer.

17th October 1862.

As advised in my letter of yesterday you will continue to issue Notes for any demand made for them, sending me a Memorandum of the same, so that I may keep you in silver in case of need. Additional supplies of Notes will be sent as required.

I hardly understand what is meant by "the circulation of the district being drained by its Notes." The Head Office is quite capable of meeting any drain which may be made on it, and I can scarcely think that a limited Circle of Issue would have the effect of causing a larger circulation of Notes than an extended one.

(Signed) GEO. DICKSON,
Secretary & Treasurer.

TO ALL THE BRANCHES.

16th December 1862.

I beg to forward herewith extract from the proceedings of the Government of India in the Financial Department, dated 10th October 1862, in which is contained a despatch from the Right Honorable the Secretary of State for India, dated 30th August last, relative to the recent robbery of water-marked paper in course of preparation for Bank of England and Government of India Currency Notes.

I have to request that you will in general terms, and without specially drawing attention to this matter, instruct your Khazanchee or other assistant who may have to receive and pay away Notes, to take every precaution in examining all Notes which may be received at the Branch.

It is of importance that a feeling of distrust in the Government Currency Notes should not in any way be engendered.

TO THE BENARES BRANCH,—(Extract Letters.)

4th April 1864.

Para. 7.—Government Currency Notes of other Circles should be cashed in the same way as Notes issued by the Branch, and should appear as part of the Cash Balance, until remitted to their respective Circles of Issue at the close of the week, when Head Office should be debited for such remittance.

8. Government Currency Notes of the Bombay and Madras Circles should be taken as Inland Bills. When presented in small amounts, they may be cashed at par, but the higher denominations and especially all large amounts (when used to evade the local exchange), should be subjected to a discount by the Agent, according to the ruling rates of exchange.

(Signed) C. N. COOKE,
Offg. Secretary & Treasurer.

TO ALL THE BRANCHES.

4th August 1864.

Reference having been made to Head Office as to the course to be pursued with Government Currency Notes of the Calcutta Circle of Issue held by the Branches of the Bank situated within the jurisdiction of the Circles of Issue newly created by Government at Allahabad and Nagpore, I have to request you will, in terms of the Notification in the margin, lose no time in returning all Notes in your possession to Head Office to be exchanged for Cash.

Notification No. 1846, *the 8th April* 1864.

The Governor General in Council, under the provisions of the 5th Section of the Act XIX of 1861, is pleased to constitute the territories administered by the Lieutenant Governor of the North-Western Provinces and the Chief Commissioner of Oudh, a Circle of Issue for the Government Paper Currency, and to appoint Allahabad to be the place of issue of Notes for the said Circle.

The Notes of the Allahabad Circle will be a legal tender on and after the 1st May next for all payments within the Circle, except at the Office of Issue, and will be received in payment of revenue and of all other claims of the Government within the Circle

The Deputy Commissioner of Issue will issue Notes—

1st.—In exchange for the amount thereof in current silver coin of the Government of India, or

2nd In exchange for other Notes of the Government of India issued within the same Circle.

Notes issued at Allahabad will be payable on demand in current Silver Coin of the Government of India at the Office of the Deputy Commissioner of Issue at Allahabad and at the Office of the Head Commissioner of the Department of Issue at Calcutta

That portion of the Notification in the Financial Department, dated the 3rd of January 1862, which directed the Districts of Ghazeepore, Mirzapore, and Benares to be included in the Calcutta Issue, is cancelled.

The Banks are not now bound to keep a reserve of Notes at any of their Branches above Patna, but, as it may suit those Agencies within the new Circles of Issue to keep, as part of the Cash Balance, a certain amount on hand in the same way as to the London Bankers for the convenience of the public, I leave it to you to indent for such a quantity as you may deem to be necessary. You will bear in mind that the Bank derive no Commission for the circulation of Notes of the new Circles: therefore where there is both expense and difficulty in getting up Specie, you will be careful not to lock up more than you can conveniently employ.

The Deputy Auditor and Accountant General, Allahabad, has made the enquiry whether the Allahabad Agent "will issue to parties requiring them Allahabad Currency Notes, received by the Agent in payment of Government dues;" with the customers and constituents of the Bank, there can be no objection to this course being followed by the Agents of the Branches noted in the margin, but, for obvious reasons, the Bank, as a general rule, must decline to cash Notes presented for exchange; the Agents, however, may do so to a moderate extent when they see fit. Notes in excess of what may be required by the Agent should be retained as part of the Treasury balance, and as a legal tender may be used in discharging payments made on account of Government. A party, however, having to receive money on account of claims against the Government is *not* compelled to take Notes, and they should not be *forced* where any objection is apparent.

Mirzapore.
Benares.
Allahabad.
Agra.
Nagpore.

Should it be necessary to send Notes held as part of the Treasury Balance to Allahabad for exchange, Agents will communicate with the Deputy Auditor and Accountant General and obtain his sanction as a means whereby they may receive from the Government the cost of transmission.

At the Branches above noticed, there will be no necessity to retain the principal Registers of Issue, and in none of the Branches need the Issue and Receipt Registers be continued. The Agents will be careful, however, to see that they have, in the Issue and Payment Sheets, a correct and proper record of all Notes received and paid by the Branches.

The Agents of the Branches from Mirzapore and Benares upwards are not restricted from cashing Notes of the Calcutta Circle of Issue at a discount when they see fit to do so.

As respects the Branches included within the Bengal Circles of Issue, the Agents will strictly abide by the instructions previously conveyed to them on this point.

(Signed) C. N. COOKE,
Offg. Secretary & Treasurer.

[Appended to the above Circular.]

DEPARTMENT OF ISSUE OF PAPER CURRENCY, CALCUTTA.

Notification No. 316, *dated* 21*st April* 1864.

With reference to Resolution of the Government of India, Financial Department, No. 1846, dated 8th April 1864, published in the *Indian Gazette* of the 9th idem, it is hereby notified that all Government Currency Notes which have been issued through the agency of the Branches of the Bank of Bengal at Mirzapore and Benares will, at the pleasure of the holders of such Notes, be either paid in Coin or exchanged for Notes of the Allahabad Circle by the Deputy Commissioner of Issue at Allahabad on or after the 1st of May 1864, or, if preferred, they will be paid in Coin by the Head Commissioner of Currency at Calcutta.

(Signed) H. HYDE,
Head Commissioner.

TO THE BENARES BRANCH.

27*th August* 1864.

I am favored with your letter No. 3-360, enclosing copy of a letter, No. 9329 of 3rd August, from the Deputy Auditor and Accountant General, North-Western Provinces, accompanied by two forms of Note Registers which he considers it the duty of the Branch to keep.

When the Government established new Circles of Issue at Allahabad, Nagpore, and the Punjab, those Circles were understood and distinctly stated to be under the sole control of Government Officers, and quite independent of any connection with the Bank of Bengal, who draw no commission from the circulation, and are in no respect bound to receive the Notes except as a matter of convenience.

My Circular No. 49 of the 4th instant ought to have been conclusive on this point, for it was penned with a desire to possess the Agents of the Bank with the opinion of the Board in case a question, such as you have brought before me, should ever arise.

The Bank are now Agents *only* of the Notes of the Calcutta Circles, and so far as they are concerned, the Agencies within that Circle are bound to do everything in their power to facilitate the circulation. But Benares and Mirzapore have been withdrawn from that Circle and incorporated with the new Circles of Allahabad; consequently you have ceased to be Agent of the circulation of the former Circle, and should you receive and hold the Notes of that (or other) Circles, you can only do so as a part of your Cash Balance.

You may keep any record you *please* for easy reference in case of need; but to keep Registers, such as the Deputy Auditor and Accountant General desires you to do, is altogether out of your province and unnecessary.

The continuance, at Head Office, of the Issue and Receipt Registers which were kept up at considerable expense for so many years have now been abolished as serving no other purpose than to be a record for the Courts and Lawyers. We have devised other means for Treasury Notes that may be stopped.

If Notes of the Allahabad or other Circles are paid into your Treasury on account of Government, you might hold them as part of the Treasury Balance, and take instructions from the Deputy Auditor General as to the manner of their exchange.

(Signed) C. N. COOKE,
Offg. Secretary & Treasurer.

TO R. P. HARRISON, ESQ., ACCOUNTANT GENERAL TO THE GOVERNMENT OF INDIA.

30*th August* 1864.

I have the honor to acknowledge the receipt of your demi-official letter of date, with copies of correspondence between the Manager of the Agra and United Service Bank, Calcutta, and Sir Charles E. Trevelyan.

I am not aware that the Agent of the Bank's Branch at Agra has ever received instructions from Head Office to decline taking Currency Notes of the Allahabad Circle at par when tendered in payment. If the Agent at Agra has made the statement Mr. Dunlop reports him to have done, Mr. Dyson has either misunderstood the instructions given to him or he has made a grave mistake.

The Agents of our Branches above Benares have not only been informed that the Notes of the Allahabad Circle are a legal tender and cannot be refused in payment of dues, but they have been told that when presented in moderate sums for exchange they may use their discretion in cashing them.

The Directors of the Bank would never for a moment permit their Agents to avail themselves of the influential position in which they are placed by their connection with the Government to discourage and obstruct the operations of the Government Paper Currency, and to prevent any misunderstanding hereafter on the subject, I will immediately forward to each Branch a copy of this letter with instructions to the Government Officers engaged for the Currency, to render every assistance in their power consistently with the Bank's own interests."

In confirmation of what I have written to you, I have the honor to enclose copy of a Circular, No. 49, addressed by me to the Bank's Agents, which will satisfy you that so

far from the Agents being authorized to refuse the Notes of the Allahabad Circles, they have been permitted to indent for, and use them as a portion of, their Cash Balance.

(Signed) C. N. Cooke,
Offg. Secretary & Treasurer.

To all the Branches.

13th September 1864.

I beg to hand copy of a letter addressed by me to the Accountant General, to the contents of which your attention is requested.

The reference alluded to arose from a statement made by Mr. Dunlop to Sir Charles Trevelyan, that the Agra Agent of the Bank had declined to receive Notes of the Allahabad Circle when tendered to him, and it was understood that Mr. Dunlop meant tendered in payment of legal dues. It, however, turns out that the Agra Agent simply declined to receive Notes of the Allahabad Circle tendered by the Agency of the Agra and United Service Bank for credit of account.

The question of receiving Notes in such manner at the Branches has been under the consideration of the Board, and I have now to furnish extract from their Resolutions thereanent.

"Notes of the new Circles in the North-West paid into credit of a constituent's account at the Bank's Agencies within those Circles may be treated as a legal tender and received accordingly."

(Signed) C. N. Cooke,
Offg. Secretary & Treasurer.

To the Rangoon, Patna, and Dacca Branches.

16th January 1866.

As the management of the Currency has been withdrawn from the Bank since 1st instant, there will be no further occasion for you to watch the circulation of Notes specially branded for your Branch. All Government Currency Notes of the Calcutta Circle of Issue may now be received or issued by you without any distinction. The balance in your Ledger of the Account "Bank of Bengal for Government Currency Notes," must be transferred to Head Office General Account.

Geo. Dickson,
Secretary & Treasurer.

Statement showing the amount of Mixed Notes cashed at each Branch, and the Notes of each Branch cashed at Head Office, and at the several Branches, from their respective dates of establishment to 1th May 1861, when the Circle system was introduced by the Government.

Date of establishment of each Branch.	Branch.	Amount of Mixed Notes cashed at each Branch.	Notes of each Branch cashed at Head Office and at the several Branches.
August 1863 ...	Agra ...	47,680	8,000
February 1863 ..	Allahabad	2,78,730	98,390
March 1862 ..	Benares ...	11,38,620	2,09,660
March 1862 ..	Dacca ...	4,31,030	16,11,520
February 1863 ..	Lucknow ...	62,790	48,970
February 1862 ...	Mirzapore .	1,62,610	1,11,470
February 1863 ...	Nagpore ...	3,750	500
March 1862 ...	Patna ...	8,11,170	6,82,150
November 1861 ...	Rangoon ...	42,160	4,79,960
Issue of Currency, March 1862 .			
		32,79,020	33,43,920

E. E.
G. D.
Secy. and Treasurer.

To all the Branches.

No. 14, *dated* 9*th May* 1866.

When replying to my Circular of 2nd instant, you will be good enough to state whether in any instance you have refused at par transactions in Currency Notes of the Circle within which your Branch is situated; if so, you will please explain under what circumstances such refusal took place. You will, at the same time, furnish in detail a list of the several transactions in Notes of other Circles cashed by you since the establishment of additional Centres of Issue in 1864 and of the amount of discount charged by you.

(Signed) Geo. Dickson,
Secretary & Treasurer.

REPLIES TO CIRCULAR No. 14.

From the Mirzapore Branch.

19*th May* 1866.

Replying to your Circular No. 14 of 9th instant, I have the pleasure to inform you that in no single occasion have I objected to receive and pay Currency Notes in (Banking)

transactions, and have rarely had occasion to refuse encashment of Government Currency Notes of the Allahabad Circle, under authority of Head Office Circular No. 49 of 4th August 1864.

FROM THE CAWNPORE BRANCH.

17th May 1866.

In reply to your Circular No. 14 of 9th May, I beg to hand you a detailed list of the several transactions in Notes upon which discount has been charged since this Agency was established in September 1864.

From September 1864 to January 15th, 1866, the Notes upon which discount was charged were of all Circles. Since 15th January 1866 (the date upon which this Agency took over the Government Treasury) discount only has been charged upon Notes of other Circles than Allahabad.

Since I have had charge of this Agency, I have on a few occasions, previous to 15th January 1866, demanded discount on Notes of the Allahabad Circle of Issue, but only when I have discovered that they were being used as a remittance between places where the Bank has Agencies and this City. From travellers I never take discount, whatever be the description of Note, but only from those whom I know to be using Notes for purposes of remittance.

FROM THE DACCA BRANCH.

15th May 1866.

I now beg to state in answer to your Circular of 9th May, No. 14, that at no time (as far as I can learn) have par transactions in Dacca Circle Government Currency Notes been refused at this Branch.

FROM THE RANGOON BRANCH.

With reference to your Circular No. 13, dated 2nd instant, I beg to state that there is not sufficient time to enable me to send you by the outgoing mail copies of all the instructions received regarding the issue, payment, and receipt of Currency Notes since the introduction of the Government Paper Currency. I may mention, however, that the instructions which I always received were to the effect that I should do everything in my power to promote the circulation of the new Paper Currency, which I have done. Although the management of the Currency has been withdrawn from the Bank, I am at present cashing Government Currency Notes of all Circles at par.

FROM ALLAHABAD BRANCH.

25th May 1866.

In reply to your Circular No. 14 of 9th instant, I beg to state that in no instance at this Branch was any charge made upon transactions in Government Currency Notes of the Allahabad Circle.

(True Copies)

GEO. DICKSON,
Secretary & Treasurer.

N. B.—At 31st December 1865, the date on which the management of the Currency was transferred from Bank to the Mint, the circulation in the Calcutta Circle amounted to three crores, thirteen lakhs, eighty-nine thousand, eight hundred and ten Rupees.

G. D.

APPENDIX XXVII.

From Deputy Secretary and Treasurer, Bank of Madras, to the Secretary to the Government of India, Financial Department, Simla,—(No. $\frac{48}{875}$, dated 14th May 1866).

I have the honor to acknowledge receipt of your letter No. 269 of the 27th ultimo, and to inform you in reply that the only order issued by this Office to its Branches in respect to Government Currency Notes is for each Branch to cash at par on demand all Notes bearing its own stamp.

No. 783, dated Simla, 30th May 1866.

Endorsed by Secretary to Government of India, Financial Dept.

Transferred to the Currency Commission in continuation of endorsement No. 604, dated the 18th instant.

APPENDIX XXVIII.

From W. RODGER, ESQ., *Officiating Deputy Secretary and Treasurer, Bank of Bombay, to the Secretary to the Government of India, Financial Department, Simla,—(No. 2228, dated 9th May 1866).*

In answer to your letter No. 269 of 27th ultimo, I have the honor to state that as the Branch Treasuries have not as yet been handed over to the Bank by Government, no special orders could be given as to the issue of Currency Notes at the Branch Banks.

No. 603, dated Simla, 18th May 1866.

Endorsed by Asst. Secy. to the Govt. of India, Financial Department.

Transferred to the Currency Commission, together with a copy of letter No. 269, dated the 27th ultimo.

APPENDIX XXIX.

From W. RODGER, ESQ., *Officiating Deputy Secretary, Bank of Bombay, to the Secretary to the Government of India, Financial Department, Simla,—(No. $\frac{3317}{1800}$, dated 9th July 1866).*

I have the honor to acknowledge receipt of copy of letter of the Secretary to the Currency Commission to the Secretary to the Government of India, dated 26th May last, requesting precise information as to the instructions given by the Bank with regard to the issue of Currency Notes at the Branches. I have to state that the Agents of the different Branches received verbal orders in Head Office to afford every facility in their power to the circulation of Government Currency Notes. The Agents are in the habit of marking with the Branch Stamp all Currency Notes which they issue themselves, and these they are always ready to cash at par and re-issue at par.

The Bank, however, does not undertake to cash at par *all* Notes that are presented at the up-country Branches. Were this to be done, Notes would be largely used for purposes of exchange to the direct loss of the Bank, as coin would have to be forwarded at a heavy expense to meet such demands.

At Poona, which holds easy communication with Bombay, a Branch has been established, and, owing to the large number of Europeans resident there, *all* Currency Notes of the Bombay Circle are freely cashed at par.

No. 1654, dated Simla, 27th July 1866.
Endorsed by Asst. Secy. to the Govt. of India, Financial Dept.

Copy forwarded to the Secretary, Currency Commission, with reference to his letter No. 18, dated the 26th May last.

APPENDIX XXX.

From R. P. HARRISON, Esq., *Comptroller General of Accounts, to the Secretary to the Government of India, Financial Department,—(No.* 2143, *dated 25th August* 1866*).*

In continuation of my letter No. 4177, dated 16th April last, I have the honor to forward an account of the Government Paper Currency Department for the year 1865-66.

Account of the Profits of the Currency Note Circulation and of the Charges and Expenses incidental thereto during the Year 1865-66.

Dr.

	Rs.	A.	P.
Balance of last year brought forward ...	8,36,326	0	3
RECEIPTS AS PER APPENDIX A.			
Interest on Government Securities ...	16,78,391	10	6
Total Rs. ...	25,14,717	10	9

Cr.

CHARGES AS PER APPENDIX B.

	Rs.	A.	P.	Rs.	A.	P.
Salaries of Commissioners, Assistant Commissioners, &c.	76,448	8	6			
Establishments... ...	59,769	1	3			
Contingencies	22,625	11	11			
Stationery	716	6	5			
Travelling Allowances to Assistant Commissioners ...	118	5	0			
Bank's Commission on the Notes in Circulation ...	6,65,180	12	0			
Cost of Currency Note forms	17,233	8	8			
Reward for detecting forgers	3,000	0	0			
				8,45,092	5	9
				8,45,092	5	9
Balance on the 30th April 1866... ...				16,69,625	5	0
Total Rs. ...				25,14,717	10	9

FORT WILLIAM;
COMPTROLLER GENERAL'S OFFICE,
Treasury and Departmental Accounts Branch,
The 20th August 1866.

E. E.
R. P. HARRISON,
Comptroller General of Accounts.

RECEIPT ACCRUED, BUT NOT REALIZED.

	Rs.	A.	P.	Rs.	A.	P.
Balance brought forward from the above account ..	16,69,625	5	0			
Interest on Government Securities due, but not realized on the 30th April 1866	6,06,713	7	1			
				22,76,338	12	1
Total Rs. ...				22,76,338	12	1

CHARGES DUE, BUT NOT PAID.

Charges of the Currency Department incurred, but not paid up to 30th April 1866.

	Rs.	A.	P.	Rs.	A.	P.
Salaries	6,165	0	0			
Establishments	6,273	7	8			
Contingencies	1,678	7	5			
Bank's Commission on Notes in circulation .	1,75,293	12	2			
Reward for detecting forgers	4,000	0	0			
				1,93,410	11	3
Balance				20,82,928	0	10
Total Rs. ...				22,76,338	12	1

STATEMENT No. 1, *showing the Assets and Liabilities of the Currency Department on the 30th April* 1866.

	Rs.	A.	P.	Rs.	A.	P.
Silver Coin reserve on 30th April 1866	2,68,99,793	0	0			
Gold Coin reserve on 30th April 1866 ...	215	0	0			
Silver Bullion reserve on 30th April 1866 ...	35,00,000	0	0			
Government Securities reserve on 30th April 1866	3,98,02,532	0	0			
				7,02,02,540	0	0
Total Rs. ...				7,02,02,540	0	0

	Rs.	A.	P.
Value of Notes in circulation on the 30th April 1866	7,02,02,540	0	0
Total Rs.	7,02,02,540	0	0

STATEMENT No. 2, being the Profit and Loss Account of the Currency Department made up to the 30th April 1866.

	Rs.	A.	P.
Difference between the receipts and payments of the Currency Department as shown above in the Account Current	20,82,928	0	10
Loss	35,726	8	6
Total Rs.	21,18,654	9	4

	Rs.	A.	P.
Difference between the cost price and the market value on 30th April 1866 of the Government Securities held by the Currency Department	21,18,654	9	4
Total Rs.	21,18,654	9	4

E. E.
R. P. HARRISON,
Comptroller General of Accounts.

STATEMENT No. 3, showing the Valuation of the Government Securities held by the Currency Department on the 30th April 1866

Description of Government Securities.	Cost Price. Rs.	A.	P.	Nominal Value. Rs.	A.	P.	Market Value. Rs.	A.	P.	Market rates on 30th April 1866. Rs.	A.	P.
										Discount.		
4th —4 per cent Government Rupee Loan ...	29,13,621	10	0	30,69,400	0	0	26,81,888	4	0	12	10	0
5th 4 per cent. ditto ditto ...	86,11,481	8	0	91,34,300	0	0	79,81,094	10	0	12	10	0
6th—4 per cent. ditto ditto .	62,69,173	7	0	66,39,200	0	0	58,01,001	0	0	12	10	0
7th 4 per cent ditto ditto ..	29,73,532	5	4	32,23,000	0	0	28,16,096	4	0	12	10	0
										Premium.		
5 per cent. P. W. Loan	1,26,520	4	0	1,26,400	0	0	1,26,558	0	0	0	2	0
5 per cent. Loan of 1856-57	66,36,436	12	0	62,55,200	0	0	63,80,304	0	0	2	0	0
5½ per cent. Loan of 1859-60	1,22,71,766	1	0	1,10,79,800	0	0	1,18,96,935	4	0	7	6	0
	3,98,02,531	15	4	3,95,27,300	0	0	3,76,83,877	6	0			

E. E.
R. P. HARRISON,
Comptroller General of Accounts.

APPENDIX A.

Receipts.	Calcutta. Rs.	A.	P.	Madras. Rs.	A.	P.	Bombay. Rs.	A.	P.	TOTAL. Rs.	A.	P.
Interest on Government Securities	16,78,391	10	6							16,78,391	10	6
Total ..	16,78,391	10	6							16,78,391	10	6

APPENDIX B.

Charges	Calcutta Rs	A	P	Madras Rs.	A	P	Bombay. Rs	A	P	North Western Provinces Rs	A	P	Punjab. Rs.	A	P	Nagpoor Rs	A	P	TOTAL. Rs.	A.	P.
Salaries of Commissioners, Assistant Commissioners &c.	10,750	0	0	24,042	15	11	14,200	0	0	10 990	0	0	12,000	0	0	5,015	8	7	76,448	8	6
Establishment	15 015	1	9	13,744	3	4	11,444	12	2	6,962	5	7	7,124	0	0	5,778	10	5	59,769	1	3
Contingencies	5,944	3	8	4,788	6	10	5,907	6	2A	614	2	2B	2,376	13	3C	3,156	11	10	24,025	11	11
Stationery	29	8	0	227	9	6							.			.	.		716	6	5
	459	4	11D																		
Travelling allowance to Assistant Commissioners	.									118	5	0	.			.	..		118	5	0
Bank commission on the Notes in circulation	3,65,104	7	6	45,860	6	0	2,58,215	14	6	.			.			... ..			6,65,180	12	0
Cost of Currency Note Forms	2,739	11	4	1,511	12	8	12,982	0	8				.						17,333	8	8
Reward for detecting forgeries							3,000	0	0										3,000	0	0
Total	4,00,030	5	2	90,005	6	3	3,01 730	1	6	17,824	12	9	21,500	13	3	13,950	14	10	8,45,092	5	9

A Includes the cost of Printing and Stationery.
B Includes the cost of Country Stationery.
C Includes the cost of Stationery
D As per Statement furnished by the Superintendent of Stationery.

APPENDIX XXXI.

Lowest point of the Banks' Note Circulation in the three Presidencies.

	In May 1851. Rs.	1857, Year of the Mutiny. Rs.
Bank of Bengal, CALCUTTA	1,29,96,257	1,03,00,000
Bank of Bombay, BOMBAY	20,00,000	40,63,230
Bank of Madras, MADRAS	10,26,700	14,14,345
TOTAL Rs ...	1,60,22,957	1,66,77,575

APPENDIX XXXII.

TABLE of Silver and Gold Coins, showing the Value of the Coins of this Country, the Seignorage or Profit upon the Coinage, and the Price paid to the Public by the Mint, for the Pound Troy-weight of Standard Gold and Silver, from the time of the Conquest to the Reign of George III.

Year.	Reign.	SILVER. 1 Fineness of the Silver in the Coins.	2 Pound weight of such Silver coined into.	3 Profit or Seignorage on the Coinage.	4 Prices paid to the Public for the Pound weight of Silver.	5 Equal to the Mint Price for Standard Silver of 11 oz. 2 dwts. fine Troy-weight.	GOLD. 6 Fineness of the Gold in the Coins.	7 Pound weight of such Gold coined into.	8 Profit or Seignorage on the Coinage.	9 Prices paid to the Public for the Pound weight of Gold.	10 Equal to the Mint Price for Standard Gold of 22 carats fine Troy-weight.
		oz. dts.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	crts. grs.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1066	Conquest ...	11 2	1 0 0	...	...	...	...	...	...	...	...
1280	8 Edward I ...	—	1 0 0	0 1 0	0 19 0	1 0 0½	...	...	...	...	...
1300	28 —— ...	—	1 0 0	0 1 2½	0 19 0½	...	...	...	...	...	...
1344	18 Edward III	—	1 0 3	0 1 3	0 19 0	1 0 3½	23 3½	13 3 4	0 8 4	12 15 0	12 10 8
1349	23 —— ...	—	1 2 6	0 1 3	1 1 3	1 2 8	—	14 0 0	0 11 8	13 8 4	13 3 9
1356	30 —— ...	—	1 5 0	0 0 10	1 4 2	1 5 0½	—	15 0 0	0 6 8	14 13 4	14 8 4
1394	18 Richard II	—	1 5 0	0 0 10	1 4 2	1 5 9½	—	15 0 0	0 5 0	14 15 0	14 9 11
1401	3 Henry IV ...	—	1 5 0	0 0 10	1 4 2	1 5 9½	—	15 0 0	0 5 0	14 15 0	14 9 11
1421	9 Henry V ...	—	1 10 0	0 1 0	1 9 0	1 10 11½	—	16 13 4	0 5 0	16 8 4	16 2 9
1425	4 Henry VI ...	—	1 10 0	0 1 0	1 9 0	1 10 11½	—	16 13 4	0 5 10	16 7 6	16 1 11
1464	4 Edward IV	—	1 17 6	0 4 6	1 13 0	1 15 2½	—	20 16 8	2 10 0	18 6 8	18 0 5
1465	5 —— ...	—	1 17 6	0 4 6	1 13 0	1 15 2½	—	22 10 0	1 0 10	21 9 2	21 1 10
1470	49 Henry VI ...	—	1 17 6	0 2 0	1 15 6	1 17 10¾	—	22 10 0	0 13 0	21 17 0	21 9 7
1482	22 Edward VI	—	1 17 6	0 1 6	1 16 0	1 18 4¼	—	22 10 0	0 7 6	22 2 6	21 15 0
1483	1 Richard III	—	1 17 6	0 1 6	1 16 0	1 18 4¼	—	22 10 0	0 7 6	22 2 6	21 15 0
1485	1 Henry VII	—	1 17 6	0 1 6	1 16 0	1 18 4¼	—	22 10 0	0 7 6	22 2 6	21 15 0
1509	1 Hen. VIII ...	—	1 17 6	0 1 0	1 16 6	1 18 11½	—	22 10 0	0 2 6	22 7 6	22 0 0
*1527	18 —— ...	—	2 0 0	0 1 0	1 18 11½	1 18 11½	—	24 0 0	0 2 8	23 17 4	22 0 0
		—	2 5 0	0 1 0	2 4 0	2 4 0	—	27 0 0	0 2 9	26 17 3	...
	.....	...	...	...	...	...	22 0	25 2 6	0 3 0	24 19 6	24 19 6
1543	34 —— ...	10 0	2 8 0	0 8 0	2 8 0	2 4 4¼	23 0	28 16 0	1 4 0	27 12 0	26 8 0
1545	36 —— ...	6 0	2 8 0	2 0 0	2 16 0	2 11 9¾	22 0	30 0 0	2 10 0	27 10 0	27 10 0
1546	37 —— ...	4 0	2 8 0	4 4 0	3 0 0	2 15 6	20 0	30 0 0	5 0 0	27 10 0	27 10 0
1547	1 Edward VI	4 0	2 8 0	4 4 0	3 0 0	2 15 6	20 0	30 0 0	1 10 0	28 10 0	31 7 0
1549	3 —— ...	6 0	3 12 0	4 0 0	3 4 0	2 19 2¾	22 0	34 0 0	1 0 0	33 0 0	33 0 0
1551	5 —— ...	3 0	3 12 0	...	...	...	...	...	...	...	...
		11 0	3 0 0	...	...	...	23 3½	36 0 0	...	...	...
		...	...	...	...	...	22 0	33 0 0	...	...	...
1552	6 —— ...	11 1	3 0 0	0 1 0	2 19 0	2 19 3½	23 3½	36 0 0	0 2 9	35 17 3	...
		...	...	...	...	...	23 0	33 0 0	0 3 0	32 17 0	32 17 0
1553	1 Mary ...	11 0	3 0 0	0 1 0	2 19 0	2 19 6¾	23 3½	36 0 0	0 3 0	35 17 0	33 0 8
1560	2 Elizabeth ...	11 2	3 0 0	0 1 6	2 18 6	2 18 6	23 3½	36 0 0	0 5 0	35 15 0	...
		...	...	...	...	...	22 0	33 0 0	0 4 0	32 16 0	32 16 0
1600	43 —— ...	—	3 2 0	0 2 0	3 0 0	3 0 0	23 3½	36 10 0	0 10 0	36 0 0	...
		...	...	...	...	...	22 0	33 10 0	0 10 0	33 0 0	33 0 0
1604	2 James I ...	—	3 2 0	0 2 6	2 19 6	2 19 6	22 0	37 4 0	1 10 0	35 14 0	35 14 0
1626	2 Charles I ...	—	3 2 0	0 2 0	3 0 0	3 0 0	—	41 0 0	1 1 5	39 18 7	39 18 7
†1666	18 Charles II ..	—	3 2 0	...	3 2 0	3 2 0	—	44 10 0	...	44 10 0	44 10 0
1717	3 George I ...	—	3 2 0	...	3 2 0	3 2 0	—	46 14 0	...	46 14 6	46 14 6
1727	George II ...	—	3 2 0	...	3 2 0	3 2 0	—	46 14 0	...	46 14 6	46 14 6
1816	56 George III	—	3 6 0	...	...	...	—	46 14 0	...	46 14 6	46 14 6

* 1527—Henry VIII.] The Pound Tower-weight was used at the Mint up to this time, when the Pound Troy was substituted, and has since been used, which is 16 dwts. or ⅘ of an ounce heavier. The proportions being as 16lb. Troy to 15lb. Tower-weight.

† 1666—18 Charles II.] The Seignorage on the Coinage was at this time given up, and Bullion was to be coined, for the Public, free of expense. This was done to encourage the bringing of Bullion to the Mint to coin into Money; as the increase thereof was then considered of advantage to the country.

APPENDIX XXXIII.

STATEMENT showing the proportion of Currency Notes held in the Government Treasuries throughout the Bengal Presidency during the year 1865 *(excluding the Assam Circulation) to the whole Note Circulation of the Calcutta Circle.*

	January 1865.	February.	March.	April.	May.	June.	July.	August.	September.	October,	November.	December.	REMARKS.
Total Notes issued ...	2,90,94,920	2,90,94,920	2,90,44,920	2,97,94,920	2,90,94,820	2,90,93,230	2,90,93,230	2,90,93,230	2,94,27,230	3,25,02,230	3,20,18,230	3,13,89,810	The "total Notes issued" include the Notes of the Assam Circle, which are excluded from the amounts in Treasuries.
In Bank	77,41,450	75,59,940	83,07,060	78,39,330	76,53,740	66,61,040	88,13,620	76,62,610	69,73,020	42,85,280	89,36,750	78,44,040	
	2,13,53,470	2,15,34,980	2,07,37,860	2,19,55,590	2,14,41,080	2,24,32,190	2,02,79,610	2,14,30,620	2,24,54,210	2,82,16,950	2,30,81,480	2,35,45,770	
In Bengal Treasuries ...	16,17,710	15,27,740	10,90,870	24,46,495	9,26,210	6,93,590	7,99,980	5,48,670	4,75,190	9,38,235	6,16,120	10,69,715	
Balance in Circulation ...	1,97,35,760	2,00,07,240	1,96,46,990	1,95,09,095	2,05,14,870	2,17,38,500	1,94,79,630	2,08,81,950	2,19,79,020	2,72,78,715	2,24,65,360	2,24,76,055	It must be borne in mind that the chief portion of the large sum in circulation is within the limits of the Town of Calcutta.

CALCUTTA,
20th April 1866.

HUGH SANDEMAN,
Accountant General, Bengal.

APPENDIX XXXIV.

TABLE showing the quantity of Fine Silver coined into 20s. or the £ Sterling; the quantity of Standard Silver, of 11oz. 2dwts. fine, and 18dwts. alloy, contained in 20s. or the £ Sterling, and the quantity of Standard Silver which was delivered to the Mint, by the Public, for 20s. of Silver Money, in the different Reigns, from the time of Edward I. to the Reign of George III.—A similar Statement with respect to Gold.—Also, showing the proportionate value of Fine Gold to Fine Silver, according to the number of Grains contained in the Coins; and the proportionate value of Fine Gold to Fine Silver, according to the Price paid by the Mint to the Public.—Calculated in Grains, and 1,000 Parts, Troy-weight.

Year.	Reign.	Silver. 1	Silver. 2	Silver. 3	Gold. 4	Gold. 5	Gold. 6	7	8
		Number of Grains of Fine Silver in 20s. or the £ Sterling, as coined by the Mint Indentures.	Number of Grains of Standard Silver, 11 oz. 2 dwts. fine in 20s. or the £ Sterling, as coined by the Mint Indentures.	Number of Grains of Standard Silver which 20s. were worth, according to the Price paid by the Mint to the Public.	Number of Grains of Fine Gold in 20s. or the £ Sterling, as coined by the Mint Indentures.	Number of Grains of Standard Gold, 22 carats fine in 20s. or the £ Sterling, as coined by the Mint Indentures	Number of Grains of Standard Gold which 20s. were worth, according to the Price paid by the Mint to the Public.	Proportionate Value of Fine Gold to Fine Silver according to the quantity of each Metal contained in the Coins.	Proportionate Value of Fine Gold to Fine Silver, according to the Mint Price, or the presumed Market value of Gold and Silver.
		Grains.	Grains.	Grains.	Grains.	Grains.	Grains.	Gold to Silver.	Gold to Silver.
1066	Conquest ...	4995,000	5400,000		.....	.....	.....	.....	.....
1280	8 Edward I ...	4995,000	5400,000	5684,210	.....	.....	.....	.....	.....
1344	18 Edward III...	4933,333	5333,333	5684,210	407,990	445,080	459,625	1 to 12,091	1 to 12,479
1349	23 ——— ...	4440,000	4800,000	5082,952	383,705	418,588	436,777	1 — 11,571	1 — 11,741
1356	30 ——— ...	3996,000	4320,000	4468,965	358,125	390,682	399,561	1 — 11,158	1 — 11,286
1401	3 Henry IV ...	3996,000	4320,000	4468,965	358,125	390,682	397,303	1 — 11,158	1 — 11,350
1421	9 Henry V ...	3330,000	3600,000	3724,137	322,312	351,613	356,903	1 — 10,331	1 — 10,527
1464	4 Edward IV ...	2664,000	2880,000	3272,727	257,850	281,291	319,648	1 — 10,331	1 — 10,331
1465	5 ——— ...	2664,000	2880,000	3272,727	238,750	260,454	273,109	1 — 11,158	1 — 11,983
1470	49 Henry VI ...	2664,000	2880,000	3042,253	238,750	260,454	268,202	1 — 11,158	1 — 11,446
1482	22 Edward IV ...	2664,000	2880,000	*3000,000	238,750	260,454	264,869	1 — 11,158	1 — 11,429
1509	1 Henry VIII...	2664,000	2880,000	2958,904	238,750	260,454	261,909	1 — 11,158	1 — 11,400
1527	18 ——— ...	2368,000	2560,000	2618,181	210,149	229,253	230,630	1 — 11,268	1 — 11,455
1543	34 ——— ...	2000,000	2162,162	2594,594	191,666	209,090	218,181	1 — 10,434	1 — 12,000
1545	36 ——— ...	1200,000	1297,297	2223,938	176,000	192,000	209,454	1 — 6,818	1 — 10,714
1546	37 ——— ...	800,000	864,864	2075,675	160,000	174,545	209,454	1 — 5,000	1 — 10,000
1547	1 Edward VI ...	800,000	864,864	2076,675	160,000	174,545	183,732	1 — 5,000	1 — 11,400
1549	3 ——— ...	800,000	864,864	1945,944	155,294	169,412	174,545	1 — 5,151	1 — 11,250
1551	5 ——— ...	400,000	.....	.....	.....	.....	.....	.....	.....
——	———	1760,000	1902,702	... .	160,000	174,545	.....	1 — 11,000	.....
1552	6 ——— ...	1768,000	1911,351	1943,757	160,000	174,545	175,342	1 — 11,050	1 — 11,186
1553	1 Mary ...	1760,000	1902,702	1935,050	159,166	173,636	174,369	1 — 11,057	1 — 11,198
1560	2 Elizabeth ...	1776,000	1920,000	1969,230	160,000	174,545	175,609	1 — 11,100	1 — 11,315
1600	43 ——— ...	1718,709	1858,064	1920,000	157,612	171,940	174,545	1 — 10,904	1 — 11,100
1604	2 James I ...	1718,709	1858,064	1936,134	141,935	154,838	161,344	1 — 12,109	1 — 12,109
1626	2 Charles I ...	1718,709	2858,064	1920,000	128,780	140,487	144,255	1 — 13,346	1 — 13,431
1666	18 Charles II ...	1718,709	1858,064	1858,064	118,651	129,138	129,438	1 — 14,485	1 — 14,485
1717	3 George I ...	1718,709	1858,064	1858,064	113,001	123,274	123,274	1 — 15,209	1 — 15,209
1727	George II ...	1718,709	1858,064	1858,064	113,001	123,274	123,274	1 — 15,209	1 — 15,209
†1816	56 George III ...	1614,545	1745,454	.....	113,001	123,274	123,274	1 — 14,287	... ...

* 1551—5 Edward VI.]—The coinage of debased Silver Money, in the 5th year of Edward VI. of 3 oz. fine, ought more properly to be considered as Tokens, and should not have been inserted in the Tables of Coins; it is doubtful whether it ought not to be stated as coined at the rate of 36s. from the pound weight of Silver, and not at 72s. The sum of 120,000*l.* only was so coined.

† 1816—56 George III.]—The Government, now, having taken the Coinage of Silver into its own hands, there is at present no fixed Price paid to the Public by the Mint for standard Silver. The Market-Price of Standard Silver being at this time (August 1820) at 5*s.* the ounce, and Standard Gold being at 77*s.* 10½*d.* the ounce, the proportionate value of Fine Gold to Fine Silver at the Market rate is as 1 to 15,716, although the value of Fine Gold to Fine Silver in the Coins is only as 1 to 14,287. And supposing the Government to continue the present Mint regulations, and to keep Gold at 77*s.* 10½*d.* an ounce, as the price of Silver varies, the relative value of Gold to Silver will vary in like proportion.

APPENDIX XXXV.

VALUE of the Production of Silver for the last 15 Years in Pounds Sterling.

Countries.	1849.	1850.	1851.	1852.	1853.	1854.	1855.	1856.	1857.	1858.	1859.	1860.	1861.	1862.	1863.
Russia and Norway	240,121	320,052	300,000	340,505	325,452	344,111	333,658	330,499	321,080	350,210	440,707	467,212	497,642	466,355	487,720
Hartz Mountains and Saxony	227,648	261,000	350,000	328,000	365,854	358,000	350,700	375,617	361,730	380,231	312,200	344,729	396,700	372,000	399,821
Austria	285,000	290,263	300,000	289,375	364,502	327,843	315,222	295,603	264,290	260,466	370,758	436,544	425,365	450,323	472,849
Spain	450,300	498,735	510,373	489,611	510,825	550,772	530,124	470,166	520,000	523,888	548,504	597,570	590,393	534,216	527,400
United Kingdom	139,721	135,523	147,329	140,664	140,476	153,470	133,216	156,569	158,407	172,903	144,161	189,041	214,165	128,740	137,564
Africa	100,000	100,000	100,000	100,000	150,000	150,000	150,000	175,000	175,000	200,000	200,000	200,000	200,000	200,000	200,000
Malay Peninsula	19,000	23,000	25,900	25,000	24,000	27,300	30,000	27,000	24,000	31,000	33,000	35,000	36,000	40,000	40,000
Siam, Annam, and E. Archipelago	140,000	129,000	161,000	188,000	171,000	150,000	177,000	186,000	192,000	199,000	170,000	121,000	168,000	140,000	180,000
Japan*	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,500,000	1,500,000	1,500,000	1,500,000	1,700,000	1,700,000	1,700,000	1,700,000
China and Thibet*	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
United States	...	...	.	...	...	...	...	100,000	300,000	650,000	789,000	1,000,000	1,250,000	1,250,000	1,550,000
Mexico	6,420,628	6,876,254	6,602,321	7,435,711	7,674,227	6,495,700	6,699,800	6,763,427	6,536,520	7,425,000	6,300,000	5,770,645	5,891,864	5,750,000	5,750,000
Bolivia	550,375	570,000	574,393	586,757	591,844	576,543	655,672	720,411	787,620	740,208	770,550	800,000	777,000	793,888	800,000
Brazil	232,500	234,508	235,324	226,700	249,000	252,633	257,837	274,500	295,000	250,000	295,444	268,262	290,100	256,348	290,000
Peru	1,125,000	1,800,583	1,953,246	1,167,800	1,292,845	1,300,000	1,288,371	1,400,000	1,418,152	1,227,005	1,501,000	1,687,000	1,800,000	1,965,000	1,842,000
Chili	497,029	654,321	726,893	800,000	819,450	810,000	790,312	655,128	667,031	611,072	759,635	771,143	799,830	724,710	755,000
Venezuela and New Granada	200,000	220,161	225,000	211,000	244,000	230,000	215,000	233,000	212,000	217,000	263,000	270,851	266,433	277,124	230,000
Other Countries	497,029	554,672	487,000	433,357	451,000	477,000	469,000	484,000	430,000	490,000	500,000	590,800	587,400	569,102	586,000
Total . . £	14,449,351	15,993,072	16,022,879	16,087,480	16,691,457	15,528,072	15,720,912	16,346,920	16,362,830	17,727,983	17,398,059	17,749,797	18,390,892	18,117,806	18,448,354

* Approximate estimate.

APPENDIX XXXVI.

VALUE of the Production of Gold for the last 15 Years in Pounds Sterling.

(Compiled from the most authentic sources).

COUNTRIES.	1849.	1850.	1851.	1852.	1853.	1854.	1855.	1856.	1857.	1858.	1859.	1860.	1861.	1862.	1863.
Russia and Sweden ..	3,537,000	3,491,362	366,484	3,780,240	3,925,816	3,522,160	3,911,762	3,841,774	4,250,190	4,100,000	4,532,853	4,621,905	4,500,500	4,750,738	4,300,000
Northern and Central Germany	48,222	31,576	45,989	46,628	35,719	50,228	56.731	37,647	29,025	73,844	40,333	62,620	58,000	41,251	60,254
Austria and Italy	284,570	306,549	300,573	274,318	263,452	366,317	223,273	208,669	215,500	340,000	351,417	272,000	310,000	330,120	300,000
Spain	450,241	551,735	611,618	647,420	643,694	631,358	650,562	725,086	600,693	645,535	652,481	700,311	721,243	757,620	723,256
Africa	800,000	900,000	1,000,000	1,000,000	1,000,000	1,200,000	1,300,000	1,120,000	1,100,000	1,300,000	1,400,000	1,500,000	1,400,000	1,500,000	1,500,000
Australia and New Zealand	.....	.....	1,864,951	13,397,255	13,969,994	10,812,936	11,908,511	13,528,644	12,597,854	11,900,538	10,890,572	9,947,654	9,577,200	8,000,000	7,990,500
Malay Peninsula ..	150,000	160,000	170,000	170,000	176,000	166,000	175,000	169,000	180,000	180,000	175,000	174,000	180,000	195,000	174,000
Borneo, Sumatra, Phillipines	390,000	380,000	375,000	358,000	366,000	374,000	381,000	393,000	400,000	395,000	400,000	410,000	423,000	410,000	420,000
Burmah, Siam, Annam ..	743,847	729,870	827,695	685,461	712,547	754,376	783,192	825,000	834,000	878,853	821,547	943,464	875,000	860,261	870,000
Japan*	2,125,000	2,125,000	2,125,000	2,000,000	2,000,000	2,000,000	2,000,000	1,900,000	1,800,000	1,750,000	1,750,000	1,600,000	1,600,000	1,500,000	1,500,000
China and Thibet	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,500,000	3,500,000
Br. Columbia and N. A. Provinces...	.....	.....	.....	.....	9,000	10,000	18,000	20,000	30,000	95,000	390,884	754,263	946,687	1,530,088	1,778,335
United States and Territories	8,000,000	10,000,000	11,000,000	12,000,000	13,000,000	12,000,000	11,500,000	11,000,000	10,500,000	10,000,000	9,000,000	8,500,000	8,000,000	8,000,000	7,700,000
Mexico	582,763	624,597	786,415	690,000	820,000	773,000	660,770	695,400	700,000	654,000	823,000	979,000	764,000	690,500	821,663
Venezuela and New Granada	231,625	249,543	271,925	266,371	285,147	278,254	280,374	277,054	263,000	286,261	283,160	290,378	300,537	312,922	316,300
Bolivia	70,654	72,000	75,000	77,125	78,344	81,922	83,783	84,627	85,000	85,630	87,193	86,764	88,500	90,600	92,000
Brazil	288,763	290,060	291,336	284,513	297,900	296,720	300,427	311,888	320,441	317,248	320,456	323,259	325,721	336,564	355,487
Peru	95,000	96,550	97,463	94,555	93,541	95,750	95,600	97,666	97,263	93,840	98,700	99,000	99,500	100,000	100,000
Chili	144,673	145,795	146,427	147,861	135,547	140,000	143,273	139,878	148,624	153,737	150,000	148,763	151,777	162,358	151,897
Other Countries	63,048	78,959	70,250	84,336	73,927	66,549	81,433	73,765	67,594	75,693	68,782	59,843	80,000	72,526	63,327
Total ... £	21,255,406	23,483,596	26,975,826	39,248,077	1,936,628	36,869,510	37,903,681	38,699,098	37,469,184	36,575,179	35,486,378	34,723,224	33,651,665	33,140,548	32,717,379

"Money Market Review."

* Approximate estimate.

APPENDIX XXXVII.

MONEY COINED IN ENGLAND FROM 1663 TO 1809.

1663	By Charles II.	£ 7,524,105
	By James II.	£ 2,737,637
		£ 10,261,742
	By William III.	£ 10,511,963
	By Anne	£ 2,601,626
	By George II. Gold	£ 11,662,216
	Silver	£ 304,360
1757 George III.		

Years.	Gold.	Silver.	Both.	Years.	Gold.	Silver.	Both.	Years.	Gold.	Silver.
1760	111,299	.....		1781	876,795	62		1802	437,019	None—Silver Coinage prohibited in 1798.
1761	550,888	31		1782	698,074	.....		1803	596,445	
1762	553,691	3,162		1783	227,084	.....		1804	718,397	
1763	513,041	2,629		1784	822,126	203		1805	54,616	
1764	883,102	15		1785	2,488,106	.....		1806	405,106	
1765	538,272	19		1786	1,107,382	.....		1807	.....	
1766	820,725	298	G 8,819,390	1787	2,849,057	55,459		1808	371,744	
1767	1,271,808	.....	S 6,557	1788	3,664,174	.....	G 28,863,437	1809	298,946	G 8,940,114
1768	844,554	.....	8,825,947	1789	1,530,711	.....	S 56,547			
1769	626,582	.....		1790	2,660,523	.....	28,919,984			
1770	623,779	68		1791	2,456,567	.....				
1771	637,796	.....		1792	1,171,863	274				
1772	843,853	335		1793	2,747,430	.....				
1773	1,317,645	.....		1794	2,558,895	.....				
1774	4,685,624	.....		1795	493,416	205				
1775	4,901,219	.....	G 19,591,833	1796	464,680	.....				
1776	5,006,350	315	S 315	1797	2,000,297					
1777	3,680,995	.....	19,595,148	1798	2,967,505					
1778	350,438	.....		1799	449,962					
1779	1,696,117	254		1800	180,837					
1780	.....	.....		1801	450,240					

Total of Gold Coinage £ 66,214,774. Of Silver £ 63,419. Together £ 66,278,193.

Extracted from Bullion Report.

APPENDIX XXXVIII.

From Geo. Dickson, Esq., *Secretary and Treasurer, Bank of Bengal, to the Secretary to the Currency Commission,*—(*No.* 1697, *dated the 25th July* 1866).

Some time ago I gave some particulars of gold purchases in this market on Government account and for Home remittance to Mr. Lushington, I think. Part of the order I endeavoured to execute through the Bank of Bombay, giving a limit of Rs. 15-4 for 23 carats fine. They could not purchase within my limits, and as the matter was urgent, I telegraphed "buy on best obtainable terms." Here, at the date of my giving the order, Rs. 15-4 was the *maximum* price, but owing to the fall in exchange and distrust, gold has been much sought after for remittance since that date.

The Bank of Bombay *did* buy upwards of 5 lakhs of Rupees worth, but the arrival of Australian Sovereigns from China enabled me on the spot to make up nearly the whole of the Home remittance without having occasion to ship from Bombay at all, and the gold is consequently still on hand.

All this is preliminary to the main object of my letter to you, *viz.*, to inform His Excellency the Chief that my former quotation of cheap purchases of gold in Calcutta is not to be taken as the ruling prices. Government got a good bargain, when money was in demand; *now* that money is cheap, Rs. 15-6 to Rs. 15-7, instead of Rs. 15-3 and Rs. 15-4, are the Calcutta rates for each tolah at 23 carats.

Our Bombay friends purchased the 5 lakhs of Rupees worth at the rate of Rs. 15-8-4 per tolah of 23 carats, or, adding freight and insurance *to England*, each Sovereign when coined would cost about 9½*d.* over the £1. Even that, however, makes a better transaction for Government than the sale of Bills on the General Treasury at 1-10½*d.*, the *highest* rate *last quoted from London*; the difference being nearly 2 per cent. in favor of the bar gold remittances.

Particulars of the Bombay gold purchases are enclosed.

Memorandum of Gold purchased per Bank of Bombay, July 1866.

Gold tolas 7,759 16 vals at Rs. 16-1 per tola.	Rs. 1,24,635	6	0
Gold boxes 222 Bars, Touch 98¾ to 99.			
10 Boxes Pekin China Gold Bars, Touch 98½, tolas 15,692, vals 6 at Rs. 15-15 per tola.	„ 2,50,101	9	9
4 Ditto Souchou Bar Gold, Touch 97, tolas 6,296 vals 1 at Rs. 15-9 per tola.	„ 97,981	14	3
Australian Gold Bars weighing oz. 1,591= tolas 4,242 vals 28, Touch 97½, at Rs. 15-13 per tola.	„ 67,086	11	3
	Rs. 5,39,805	9	3

Average price per tola of 23 Carats ...	Rs. 15	8	4
„ „ of 22 „ ...	„ 14	13	6

Gross weight of the Gold tolas 36,354 of 22 Carats equal to oz. standard 13,632-75, which at the rate of £3-17-10½ to the oz., will give £53,082-10-4¼*d.*

Tola cost as above	Rs. 5,39,805	9	3
Add—			
Freight and Insurance, say at 2½ per cent.	„ 13,495	2	3
	Rs. 5,53,300	11	6

(1) Being equal to Rs. 10-6-9 *per Sovereign laid down in England.*

(2) Being equal to Rs. 10-2-8 *per Sovereign* (123-274) *laid down in Bombay* free of Mint charge of course, there being none in England; if 1 per cent. added for Indian Mint, then each Sovereign=Rs. 10-4-6.

APPENDIX XXXIX.

Prices of Gold and Silver per oz. in England from 1790 *to* 1809.

	Year.	Gold. £	Gold. s.	Gold. d.	Silver. s.	Silver. d.
Peace	1790	3	17	6	5	2¾
	1791	3	17	6	5	3
	1792	3	17	6	5	4
		4	1	0	5	6
War	1793	3	17	6	5	3
	1794	3	17	6	5	1½
	1795	3	17	6	5	1
		4	4	0	5	6
	1796	3	17	6	5	6
		4	0	0	5	3½
	1797	3	17	6	5	7½
		4	0	0	5	0
	1798	3	17	9	5	0
		4	0	0	5	2
	1799	3	17	9	5	2
		4	0	0	5	8
	1800	3	17	9	5	5½
		4	6	0	5	9
	1801	4	2	6	5	10
		4	6	0	6	0
Peace	1802	3	19	9	6	0
		4	3	6	5	6
War	1803	3	19	9	5	7
		0	0	0	5	6
	1804	4	0	0	5	5
	1805	3	19	9	5	10
		4	0	0	5	7½
	1806	4	0	0	5	7½
	1807	4	0	0	5	7
	1808	4	0	0	5	10
	1809	4	6	0	5	7
		4	12	0	5	11

Extracted from Appendix to Bullion Report.

APPENDIX XL.

AVERAGE PRICE of Bar Gold and Silver per Ounce Standard in London from 1819 *to* 1843.

Year.	Price of Silver per Ounce Standard.			Price of Gold per Ounce Standard.		
	£	s.	d.	£	s.	d.
1819	0	5	3½	3	19	0
1820	0	5	0½	3	17	10½
1821	0	4	11	3	17	10¼
1822	0	4	11¼	3	17	8½
1823	0	4	11	3	17	6
1824	0	4	11 7/16	3	17	6 5/16
1825	0	5	0 3/8	3	17	9¼
1826	0	4	11¼	3	17	6
1827	0	4	11¼	3	17	6
1828	0	4	11 7/16	3	17	6 3/16
1829	0	4	11 3/8	3	17	9¼
1830	0	4	11¼	3	17	9 3/8
1831	0	5	0	3	17	10½
1832	0	4	10 7/8	3	17	9½
1833	0	4	11 7/16	3	17	9¾
1834	0	5	0 1/16	3	17	9
1835	0	4	11¾	3	17	9
1836	0	5	0 3/8	3	17	9¾
1837	0	4	11¾	3	17	9
1838	0	4	11½	3	17	9
1841	0	5	0 1/16	3	17	9
1842	0	4	11 7/8	3	17	9
1843	0	4	11½	3	17	9
Average	0	4	11 11/16	3	17	9 5/16

The relative proportion of Gold to Silver for a period of 25 years is 1 to 15·604. The extreme fluctuation in the price of Gold from 1820 to 1843 is 4½*d.* in the Ounce, or 9*s.* 7½*d.* in one hundred Pounds, and the extreme variation in the price of Silver during that period is 1⅞*d.* in the Ounce, or Rs. 2-14-10 per cent.

AVERAGE PRICE of Bar Gold and Silver per Ounce Standard in London from 1844 *to* 1865.

Year.	Price of Silver per Ounce Standard.			Price of Gold per Ounce Standard.		
	£	s.	d.	£	s.	d.
1844	0	4	11½	3	17	9
1845	0	4	11¼	3	17	9
1846	0	4	11¼	3	17	9
1847	0	4	11¾	3	17	9
1848	0	4	11½	3	17	9
1849	0	4	11 11/16	3	17	9
1850	0	5	0	3	17	9
1851	0	5	1	3	17	9
1852	0	5	0¾	3	17	9
1853	0	5	1 1/16	3	17	9
1854	0	5	1⅛	3	17	9
1855	0	5	1¼	3	17	9
1856	0	5	1⅛	3	17	9
1857	0	5	1⅛	3	17	9
1858	0	5	1⅞	3	17	9
1859	0	5	2 1/16	3	17	9
1860	0	5	1 5/8	3	17	9
1861	0	5	0¾	3	17	9
1862	0	5	1 5/8	3	17	9
1863	0	5	1¼	3	17	9
1864	0	5	1⅜	3	17	9
1865	0	5	1	3	17	9
Average ..	0	5	0¾	3	17	9

As the Bank of England is now compelled by Law to purchase Gold at £3-17-9, and to sell it at £3-17-10½, per Ounce Standard, the variation in the price of Gold during the last 22 years has been extremely limited. The slight differences that occur are entirely due to the rise or fall of the Continental Exchanges. Gold has therefore been taken at an uniform rate of £3-17-9 per Ounce Standard in continuation of last Parliamentary Return.

The relative proportion of Gold to Silver for a period of 22 years is 1 to 15·358; and the extreme fluctuation in the price of Silver during that period is 2⅛*d.* in the Ounce, or Rs. 4-6-3 per cent.

APPENDIX XLI.

MONTHLY ACCOUNT of the Market Prices of Gold and Silver Bullion in London.

Date.	Gold in Bars.	Silver in Bars.
	£. s. d.	£. s. d.
1819.		
January 5 ..	no price	0 5 5½
February 2 ..		0 5 7
March 2 ..	4 1 6	no price
April 6 ..	no price	0 5 6
May 4 ..		no price
June 1 ...		
July 6 ...		0 5 2
August 3	3 18 0	0 5 2
September 7 ...	no price	0 5 2
October 5 ...	3 17 10½	0 5 2
November 2 ..	3 18 6	0 5 2
December 7 ...	no price	0 5 2
Average ...	3 19 0	0 5 3½
1820.		
January 4 ..	3 17 10½	0 5 2
February 1 ..	3 17 10½	0 5 2
March 7 ...	3 17 10½	0 5 1½
April 4 ..	3 17 10½	0 5 1
May 2 ..	3 17 10½	0 5 0½
June 6 ...	3 17 10½	0 5 0
July 4 ..	3 17 10½	0 5 0
August 1 ..	3 17 10½	0 4 11½
September 5 ...	3 17 10½	0 4 11½
October 3 ...	3 17 10½	0 4 11½
November 7 ...	3 17 10½	0 4 11½
December 5 ...	3 17 10½	0 4 11½
Average ...	3 17 10½	0 5 0½
1821.		
January 2 ..	3 17 10½	no price
February 6	3 17 10½	0 4 11½
March 6 ...	3 17 10½	0 4 11½
April 3 ...	3 17 10½	0 4 11
May 1 ..	3 17 10½	0 4 11
June 5 ..	3 17 10½	0 4 10
July 3 ..	3 17 10½	0 4 10½
August 7 ...	3 17 10½	0 4 11
September 4 ..	3 17 10½	0 4 11
October 2 ..	3 17 10½	no price
November 6 .	3 17 10½	0 4 11
December 4 ...	3 17 10½	0 4 11½
Average ...	3 17 10½	0 4 11
1822.		
January 1 ...	3 17 10½	0 4 11½
February 5 ...	3 17 10½	0 4 11½
March 5 ...	3 17 10½	0 4 11
April 2 ..	3 17 10½	0 4 11½
May 7 ...	3 17 10½	no price
June 4 .	3 17 10½	
July 2 .	3 17 6	0 4 11
August 6 .	3 17 6	0 4 11½
September 3 ..	3 17 6	0 4 11½
October 1 .	3 17 6	0 4 11½
November 5 ..	3 17 6	no price
December 3 ..	3 17 6	0 4 11½
Average ...	3 17 8½	0 4 11½
1823.		
January 7 ...	3 17 6	0 4 11½
February 4 ..	3 17 6	no price
March 4 ..	3 17 6	0 4 11½
April 1 ...	3 17 6	0 4 11½
May 6 ...	3 17 6	0 4 10½
June 3 ..	3 17 6	no price
July 1 ...	3 17 6	0 4 11
August 5 .	3 17 6	0 4 10½
September 2	3 17 6	0 4 11
October 7 .	3 17 6	no price
November 4 ...	3 17 6	
December 2 ...	3 17 6	
Average ...	3 17 6	0 4 11
1824.		
January 6 ..	3 17 6	0 4 11½
February 3 .	3 17 6	0 4 11½
March 3 .	3 17 6	0 4 11½
April 6 ...	3 17 6	0 4 11½
May 4	3 17 6	no price
June 1 .	3 17 6	0 4 11½
July 6	3 17 6	0 4 11½
August 3 ..	3 17 6	no price
September 7	3 17 8	
October 5 ...	3 17 6	0 5 0½
November 2 ...	3 17 6	no price
December 7 ...	3 17 9	0 5 0½
Average ...	3 17 6½	0 4 11½
1825.		
January 5 ..	3 17 9	no price
February 2 ..	3 17 9	0 5 0½
March 7 ...	3 17 9	0 5 0½
April 4	3 17 9	
May 2 .	3 17 9	0 4 11½
June 6 ...	3 17 9	0 4 11½
July 4	3 17 6	0 4 11
August 1 ...	3 17 6	0 4 10½
September 5 ...	3 17 6	0 4 10½
October 3 ...	3 17 6	0 4 11
November 7 ..	3 17 6	no price
December 5 ...	3 17 6	
Average ...	3 17 6	0 4 11½
1826.		
January 3	3 17 6	0 5 0½
February 7	3 17 6	0 5 1
March 7	3 17 6	no price
April 4	3 17 6	0 4 11½
May 2 .	3 17 6	0 4 11
June 6	3 17 6	0 4 11½
July 4	3 17 6	0 4 11
August 1 ...	3 17 6	0 4 10½
September 5 ...	3 17 6	0 4 10½
October 3 ...	3 17 6	0 4 11
November 7 ..	3 17 6	no price
December 5 ...	3 17 6	
Average ...	3 17 6	0 4 11½
1827.		
January 2 ..	3 17 6	0 4 11½
February 6 ..	3 17 6	0 4 11½
March 6 ..	3 17 6	no price
April 3 ...	3 17 6	
May 1 ...	3 17 6	0 4 11½
June 5 .	3 17 6	0 4 11½
July 3 .	3 17 6	no price
August 7 ...	3 17 6	
September 4 ..	3 17 6	
October 2 ...	3 17 6	0 5 0½
November 6 ..	3 17 6	no price
December 4 ...	3 17 6	
Average ...	3 17 6	0 4 11½
1828.		
January 5 ..	3 17 6	no price
February 4 ..	3 17 6	
March 1 ..	3 17 6	0 5 0½
April 6 .	3 17 6	no price
May 3 .	3 17 6	
June 1 ...	3 17 6	
July 5 ..	3 17 6	0 4 11½
August 2 .	3 17 6	no price
September 7 .	3 17 6	
October 7 ...	3 17 9	
November 4 ..	3 17 10½	0 4 11½
December 2 ...	3 17 9	no price
Average ...	3 17 6½	0 4 11½
1829.		
January 6 ..	3 17 10½	no price
February 3 ..	3 17 10½	
March 3 ...	3 17 9	
April 7	3 17 9	
May 5 ...	3 17 9	0 4 11½
June 2 ...	3 17 9	no price
July 7 ...	3 17 9	0 4 11½
August 4 ..	3 17 9	no price
September 1 ..	3 17 9	0 4 11½
October 6 .	3 17 9	0 4 11½
November 3 ...	3 17 9	0 4 11½
December 1 ..	3 17 9	no price
Average ...	3 17 9½	0 4 11½
1830.		
January 5 ...	3 17 9	no price
February 2 ...	3 17 9	
March 2 ...	3 17 9	
April 6 .	3 17 9	0 4 11
May 4 ...	3 17 9	0 4 11
June 1 ...	3 17 9	no price
July 6 ...	3 17 9	0 4 11½
August 1 ..	3 17 9	no price
September 7 ..	3 17 10½	0 4 11½
October 5 ...	3 17 10½	no price
November 2 ..	3 17 10½	0 4 11½
December 7 ...	3 17 9	no price
Average ...	3 17 9½	0 4 11
1831.		
January 4 ...	3 17 9	no price
February 1 ...	3 17 10½	
March 1 ...	3 17 10½	
April 4 ...	3 17 10½	
May 3 ...	3 17 10½	
June 7 ...	3 17 10½	
July 5 ..	3 17 10½	
August 2 ..	3 17 10½	
September 6	3 17 10½	
October 4 ...	3 17 10½	
November 1 .	3 17 9	
December 6 .	3 17 9	
Average ...	3 17 10½	0 5 0
1832.		
January 3 ...	3 17 10½	no price
February 7 ...	3 17 10½	
March 6 ...	3 17 9	0 4 11½
April 3	3 17 9	0 4 11
May 1	3 17 9	0 4 10½
June 5 ..	3 17 9	0 4 10½
August 31	3 17 9	0 4 10½
Average ...	3 17 9½	0 4 10½
1833.		
February 26 ...	3 17 9	0 4 10½
August 27 ..	3 17 10½	0 4 10½
Average ...	3 17 9½	0 4 11 2/16
1834.		
February 25 ..	3 17 9	0 4 11½
August 28 ...	3 17 9	0 5 0½
Average ...	3 17 9	0 5 0 1/16
1835.		
February 27 ..	3 17 9	0 5 0
August 28	3 17 9	0 4 11½
Average ...	3 17 9	0 4 11½
1836.		
February 27 ...	3 17 9	0 5 0
August 27 ...	3 17 10½	0 5 0½
Average ...	3 17 9½	0 5 0 1/16
1837.		
February 22 .	3 17 9	0 5 0½
August 28 ..	3 17 9	0 4 11½
Average ...	3 17 9	0 4 11½
1838.		
February 27 ...	3 17 9	0 4 11½
1841.		
January 5 .	3 17 9	0 5 0½
" 12 .	3 17 9	0 5 0½
" 19 ..	3 17 9	0 5 0½
" 26 ..	3 17 9	0 5 0½
February 2 ...	3 17 9	0 5 0½
" 9 ...	3 17 9	0 5 0½
" 16 .	3 17 9	0 5 0½
" 23	3 17 9	0 5 0½
March 2 ..	3 17 9	no price
" 9 ..	3 17 9	0 4 10½
" 16 ..	3 17 9	0 5 0
" 23 .	3 17 9	0 5 0
" 30 .	3 17 9	0 5 0
April 6 ...	3 17 9	0 5 0
" 13 ...	3 17 9	0 5 0
" 20 ...	3 17 9	0 5 0
" 27 ..	3 17 9	0 5 0
May 4 ...	3 17 9	no price
" 11 ...	3 17 9	0 5 0½
" 18 ...	3 17 9	0 5 0½
" 25 ...	3 17 9	0 5 0½
June 1 ...	3 17 9	0 5 0½
" 8 ...	3 17 9	0 5 0½
" 15 ...	3 17 9	0 5 0½
" 22 ...	3 17 9	0 5 0½
" 29 .	3 17 9	0 5 0½
July 6	3 17 9	0 5 0½
" 13 .	3 17 9	no price
" 20 ...	3 17 9	0 4 11½
" 27 ..	3 17 9	no price
August 3 ...	3 17 9	0 5 0½
" 10 ...	3 17 9	0 5 0½
" 17 ..	3 17 9	0 5 0½
" 24 ...	3 17 9	0 5 0½
" 31 .	3 17 9	0 5 0½
September 7 ...	3 17 9	no price
" 14 ...	3 17 9	0 5 0½
" 21 .	3 17 9	0 5 0½
" 28 ..	3 17 9	0 5 0½
October 5 ...	3 17 9	0 5 0½
" 12 ...	3 17 9	no price
" 19 ...	3 17 9	0 4 11½
" 26 .	3 17 9	0 4 11½

MONTHLY ACCOUNT of the Market Prices of Gold and Silver Bullion in London,—Continued.

Date.	Gold in Bars. £ s. d.	Silver in Bars. £ s. d.
1841.		
November 2	3 17 9	0 4 11½
" 9	3 17 9	no price
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 9	no price
December 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
Average	3 17 9	0 5 0 1/16
1842.		
January 4	3 17 9	0 4 11½
" 11	3 17 9	no price
" 18	3 17 9	
" 25	3 17 9	0 4 11½
February 1	3 17 9	no price
" 8	3 17 9	0 4 11½
" 15	3 17 9	0 4 11½
" 22	3 17 9	0 4 11½
March 1	3 17 9	0 4 11½
" 8	3 17 9	0 4 11½
" 15	3 17 9	0 4 11½
" 29	3 17 9	no price
" 29	3 17 9	0 4 11½
April 5	3 17 9	0 4 11½
" 12	3 17 9	0 4 11½
" 19	3 17 9	0 4 11½
" 26	3 17 9	no price
May 3	3 17 9	0 4 11
" 10	3 17 9	0 4 11½
" 17	3 17 9	0 4 11
" 24	3 17 9	0 4 11½
" 31	3 17 9	0 4 11½
June 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 5 0
" 28	3 17 9	0 5 0
July 5	3 17 9	no price
" 12	3 17 9	0 4 11½
" 19	3 17 9	0 4 11½
" 26	3 17 9	0 4 11
August 2	3 17 9	0 4 11½
" 9	3 17 9	no price
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 9	0 4 9½
September 6	3 17 9	0 4 11½
" 13	3 17 9	0 4 11½
" 20	3 17 9	no price
" 27	3 17 9	0 4 11½
October 4	3 17 9	no price
" 11	3 17 9	0 4 11½
" 18	3 17 9	0 4 11½
" 25	3 17 9	0 4 11½
November 1	3 17 9	0 4 11½
" 8	3 17 9	no price
" 15	3 17 9	0 4 11½
" 29	3 17 9	0 4 11½
December 6	3 17 9	no price
" 13	3 17 9	0 4 11½
" 20	3 17 9	0 4 11½
" 27	3 17 9	0 4 11½
	3 17 9	0 4 11½
1843.		
January 3	3 17 9	0 4 11½
" 10	3 17 9	0 4 11½
" 17	3 17 9	0 4 11½
" 24	3 17 9	0 4 11½
" 31	3 17 9	0 4 11½
February 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
March 7	3 17 9	no price
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11
" 28	3 17 9	0 4 11
April 4	3 17 9	0 4 11
" 11	3 17 9	no price
" 18	3 17 9	0 4 11½
" 25	3 17 9	0 4 11½
May 2	3 17 9	0 4 11½
" 9	3 17 9	0 4 11½
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 9	0 4 11½
June 6	3 17 9	0 4 11½
" 13	3 17 9	0 4 11½
" 20	3 17 9	0 4 11½
" 27	3 17 9	0 4 11½
July 4	3 17 9	0 4 11½
" 11	3 17 9	no price
" 18	3 17 9	0 4 11½
" 25	3 17 9	0 4 11½
August 1	3 17 9	0 4 11½
" 8	3 17 9	0 4 11½
" 15	3 17 9	0 4 11½
" 22	3 17 9	0 4 11½
" 29	3 17 9	0 4 11½

Date.	Gold in Bars. £ s. d.	Silver in Bars. £ s. d.
1843.		
September 5	3 17 9	0 4 11½
" 12	3 17 9	0 4 11½
" 19	3 17 9	0 4 11½
" 26	3 17 9	0 4 11½
October 3	3 17 9	0 4 11½
" 10	3 17 9	0 4 11½
" 17	3 17 9	0 4 11½
" 24	3 17 9	0 4 11½
" 31	3 17 9	0 4 11½
November 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
December 5	3 17 9	0 4 11½
" 12	3 17 9	0 4 11½
" 19	3 17 9	0 4 11½
" 26	3 17 9	0 4 11½
	3 17 9	0 4 11½
1844		
January 2	3 17 9	0 4 11½
" 9	3 17 9	0 4 11½
" 16	3 17 9	0 4 11½
" 23	3 17 9	no price
" 30	3 17 9	0 4 11½
February 6	3 17 9	0 4 11½
" 13	3 17 9	0 4 11½
" 20	3 17 9	0 4 11½
" 27	3 17 9	0 4 11½
March 5	3 17 9	0 4 11½
" 12	3 17 9	0 4 11½
" 19	3 17 9	0 4 11½
" 26	3 17 9	0 4 11½
April 2	3 17 9	0 4 11½
" 9	3 17 9	0 4 11½
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 9	0 4 11½
May 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
June 4	3 17 9	0 4 11½
" 11	3 17 9	0 4 11½
" 18	3 17 9	0 4 11½
" 25	3 17 9	0 4 11½
July 2	3 17 9	0 4 11½
" 9	3 17 9	0 4 11½
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 9	0 4 11½
August 6	3 17 9	0 4 11½
" 13	3 17 9	0 4 11½
" 20	3 17 9	0 4 11½
" 27	3 17 9	0 4 11½
September 3	3 17 9	0 4 11½
" 10	3 17 9	0 4 11½
" 17	3 17 9	no price
" 24	3 17 9	0 4 11½
October 1	3 17 9	0 4 11½
" 8	3 17 9	0 4 11½
" 15	3 17 9	0 4 11½
" 22	3 17 9	0 4 11½
" 29	3 17 9	0 4 11½
November 5	3 17 9	0 4 11½
" 12	3 17 9	0 4 11½
" 19	3 17 9	0 4 11½
" 26	3 17 9	0 4 11½
December 3	3 17 9	no price
" 10	3 17 9	0 4 11½
" 17	3 17 9	no price
" 24	3 17 9	0 4 11½
" 31	3 17 9	0 4 11½
	3 17 9	0 4 11½
1845.		
January 7	3 17 9	no price
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
February 4	3 17 9	0 4 11½
" 11	3 17 9	0 4 11½
" 18	3 17 9	0 4 11½
" 25	3 17 9	no price
April 1	3 17 9	0 4 11½
" 8	3 17 9	no price
" 15	3 17 9	
" 22	3 17 9	
" 29	3 17 9	0 4 11½
May 6	3 17 9	0 4 11½
" 13	3 17 9	0 4 11½
" 20	3 17 9	0 4 11½
" 27	3 17 9	0 4 11½
June 1	3 17 9	0 4 11
" 8	3 17 9	no price
" 15	3 17 9	0 4 11½
" 22	3 17 9	0 4 11½
" 29	3 17 9	0 4 11½
March 4	3 17 9	0 4 11½
" 11	3 17 9	0 4 11½
" 18	3 17 9	0 4 11½
" 25	3 17 9	no price.

Date.	Gold in Bars. £ s. d.	Silver in Bars. £ s. d.
1845.		
June 3	3 17 9	
" 10	3 17 9	0 4 11
" 17	3 17 9	0 4 11
" 24	3 17 9	0 4 11
August 5	3 17 9	0 4 11½
" 12	3 17 9	0 4 11½
" 19	3 17 9	no price
" 26	3 17 9	
September 2	3 17 9	0 4 11½
" 9	3 17 9	0 4 11½
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 8	0 4 11½
October 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
November 4	3 17 9	0 4 11½
" 11	3 17 9	0 4 11½
" 18	3 17 9	no price
" 25	3 17 9	0 4 11½
December 2	3 17 9	no price
" 9	3 17 9	0 4 11½
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 9	0 4 11½
	3 17 9	0 4 11½
1846		
January 6	3 17 9	0 4 11½
" 13	3 17 9	no price
" 20	3 17 9	0 4 11½
" 27	3 17 9	0 4 11½
February 3	3 17 9	0 4 11½
" 10	3 17 9	0 4 11½
" 17	3 17 9	0 4 11½
" 24	3 17 9	0 4 11½
March 3	3 17 9	0 4 11½
" 10	3 17 9	0 4 11½
" 17	3 17 9	0 4 11½
" 24	3 17 9	0 4 11½
" 31	3 17 9	0 4 11½
April 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11
May 5	3 17 9	0 4 11
" 12	3 17 9	0 4 11
" 19	3 17 9	0 4 11
" 26	3 17 9	0 4 11
June 2	3 17 9	0 4 11
" 9	3 17 9	0 4 11
" 16	3 17 9	0 4 11
" 23	3 17 9	0 4 11
" 30	3 17 9	0 4 11
July 7	3 17 9	no price
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
August 4	3 17 9	0 4 11½
" 11	3 17 9	0 4 11½
" 18	3 17 9	0 4 11½
" 25	3 17 9	0 4 11½
September 1	3 17 9	0 4 11½
" 8	3 17 9	0 4 11½
" 15	3 17 9	0 4 11½
" 22	3 17 9	0 4 11½
" 29	3 17 9	0 4 11½
October 6	3 17 9	0 4 11½
" 13	3 17 9	0 4 11½
" 20	3 17 9	0 4 11½
" 27	3 17 9	no price
November 3	3 17 9	
" 10	3 17 9	0 5 0½
" 17	3 17 9	0 5 0½
" 24	3 17 9	no price
December 1	3 17 9	
" 8	3 17 9	0 5 0½
" 15	3 17 9	0 5 11½
" 22	3 17 9	0 5 11½
" 29	3 17 9	0 5 11½
	3 17 9	0 4 11½
1847.		
January 5	3 17 9	0 5 0½
" 12	3 17 9	0 5 0½
" 19	3 17 9	0 5 0½
" 26	3 17 9	0 5 0½
February 2	3 17 9	0 5 0½
" 9	3 17 9	0 5 0½
" 16	3 17 9	no price
" 23	3 17 9	0 5 0½
March 2	3 17 9	0 5 0½
" 9	3 17 9	0 5 0½
" 16	3 17 9	0 5 0½
" 23	3 17 9	0 5 0½
" 30	3 17 9	0 5 0½
April 6	3 17 9	0 5 0½
" 13	3 17 9	no price
" 20	3 17 9	
" 27	3 17 9	

MONTHLY ACCOUNT of the Market Prices of Gold and Silver Bullion in London,—Continued.

Date.	Gold in Bars. £ s. d.	Silver in Bars. £ s. d.
1847.		
May 4	3 17 9	
" 11	3 17 9	0 4 10½
" 18	3 17 9	0 4 10½
" 25	3 17 9	0 4 11½
June 1	3 17 9	no price
" 8	3 17 9	
" 15	3 17 9	0 4 11½
" 22	3 17 9	0 4 11½
" 29	3 17 9	0 4 11½
July 6	3 17 9	0 4 11½
" 13	3 17 9	0 4 11½
" 20	3 17 9	0 4 11½
" 27	3 17 9	0 5 0
August 3	3 17 9	0 5 0
" 10	3 17 9	0 5 0
" 17	3 17 9	no price
" 24	3 17 9	0 4 11½
" 31	3 17 9	0 4 11½
September 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	no price.
October 5	3 17 9	0 4 11½
" 12	3 17 9	0 4 11½
" 19	3 17 9	0 4 11½
" 26	3 17 9	0 4 11½
November 2	3 17 9	0 4 11½
" 9	3 17 9	0 4 11½
" 16	3 17 9	0 4 11½
" 23	3 17 9	0 4 11½
" 30	3 17 9	0 4 11½
December 7	3 17 9	0 4 11½
" 14	3 17 9	0 4 11½
" 21	3 17 9	0 4 11½
" 28	3 17 9	0 4 11½
	3 17 9	0 4 11½
1848.		
January	3 17 9	0 4 11½
February	3 17 9	0 4 11½
March	3 17 9	0 4 11½
April	3 17 9	0 4 10½
May	3 17 9	0 4 11½
June	3 17 9	0 4 11½
July	3 17 9	0 4 11½
August	3 17 9	0 4 11½
September	3 17 9	0 4 11½
October	3 17 9	0 4 11½
November	3 17 9	0 4 11½
December	3 17 9	0 4 11½
	3 17 9	0 4 11 7/16
1849.		
January	3 17 9	0 4 11½
February	3 17 9	0 4 11½
March	3 17 9	0 5 0
April	3 17 9	0 4 11½
May	3 17 9	0 4 11½
June	3 17 9	0 4 11½
July	3 17 9	0 4 11½
August	3 17 9	0 4 11½
September	3 17 9	0 4 11½
October	3 17 9	0 4 11½
November	3 17 9	0 4 11½
December	3 17 9	0 4 11½
	3 17 9	0 4 11 11/16
1850.		
January	3 17 9	0 4 11½
February	3 17 9	0 5 11½
March	3 17 9	0 4 11½
April	4 17 9	0 4 11½
May	3 17 9	0 4 11½
June	3 17 9	0 4 11½
July	3 17 9	0 4 11½
August	3 17 9	0 4 11½
September	3 17 9	0 4 11½
October	3 17 9	0 4 11½
November	3 17 9	0 4 11½
December	3 17 9	0 5 0
1851.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 1½
April	3 17 9	0 5 1½
May	3 17 9	0 5 1½
June	3 17 9	0 5 1½
July	3 17 9	0 5 2½
August	3 17 9	0 5 0½

Date.	Gold in Bars. £ s. d.	Silver in Bars. £ s. d.
1851.		
August	3 17 9	0 5 0½
September	3 17 9	0 5 0½
October	3 17 9	0 5 0½
November	3 17 9	0 5 0½
December	3 17 9	0 5 0½
	3 17 9	0 5 1
1852.		
January	3 17 9	0 5 0½
February	3 17 9	0 5 0½
March	3 17 9	0 5 0½
April	3 17 9	0 5 0
May	3 17 9	0 4 11½
June	3 17 9	0 5 0
July	3 17 9	0 5 0½
August	3 17 9	0 5 0½
September	3 17 9	0 5 0½
October	3 17 9	0 5 0½
November	3 17 9	0 5 1½
December	3 17 9	0 5 1½
	3 17 9	0 5 0½
1853.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 1½
April	3 17 9	0 5 1½
May	3 17 9	0 5 1
June	3 17 9	0 5 1½
July	3 17 9	0 5 1½
August	3 17 9	0 5 1½
September	3 17 9	0 5 1½
October	3 17 9	0 5 2½
November	3 17 9	0 5 1½
December	3 17 9	0 5 1½
	3 17 9	0 5 1½
1854.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 1½
April	3 17 9	0 5 1½
May	3 17 9	0 5 1½
June	3 17 9	0 5 1½
July	3 17 9	0 5 1½
August	3 17 9	0 5 1½
September	3 17 9	0 5 1½
October	3 17 9	0 5 1½
November	3 17 9	0 5 1½
December	3 17 9	0 5 1½
	3 17 9	0 5 1½
1855.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 0½
April	3 17 9	0 5 0½
May	3 17 9	0 5 0½
June	3 17 9	0 5 1½
July	3 17 9	0 5 1½
August	3 17 9	0 5 1½
September	3 17 9	0 5 1½
October	3 17 9	0 5 1½
November	3 17 9	0 5 1½
December	3 17 9	0 5 1½
	3 17 9	0 5 1½
1856.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 0½
April	3 17 9	0 5 1
May	3 17 9	0 5 1½
June	3 17 9	0 5 1½
July	3 17 9	0 5 1½
August	3 17 9	0 5 1½
September	3 17 9	0 5 1½
October	3 17 9	0 5 2
November	3 17 9	0 5 2½
December	3 17 9	0 5 1½
	3 17 9	0 5 1½
1857.		
January	3 17 9	0 5 2½
February	3 17 9	0 5 1½
March	3 17 9	0 5 1½
April	3 17 9	0 5 1½
May	3 17 9	0 5 1½
June	3 17 9	0 5 1½
July	3 17 9	0 5 1½
August	3 17 9	0 5 1½
September	3 17 9	0 5 1½

Date.	Gold in Bars. £ s. d.	Silver in Bars. £ s. d.
1857.		
October	3 17 9	0 5 1½
November	3 17 9	0 5 1½
December	3 17 9	0 5 2½
	3 17 9	0 5 1½
1858.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 1½
April	3 17 9	0 5 1½
May	3 17 9	0 5 1½
June	3 17 9	0 5 1½
July	3 17 9	0 5 1½
August	3 17 9	0 5 0½
September	3 17 9	0 5 1
October	3 17 9	0 5 1½
November	3 17 9	0 5 1½
December	3 17 9	0 5 1½
	3 17 9	0 5 1½
1859.		
January	3 17 9	0 5 2
February	3 17 9	0 5 1½
March	3 17 9	0 5 2½
April	3 17 9	0 5 2
May	3 17 9	0 5 2½
June	3 17 9	0 5 2
July	3 17 9	0 5 2½
August	3 17 9	0 5 1½
September	3 17 9	0 5 2
October	3 17 9	0 5 1½
November	3 17 9	0 5 2
December	3 17 9	0 5 2
	3 17 9	0 5 2 1/16
1860.		
January	3 17 9	0 5 2½
February	3 17 9	0 5 2
March	3 17 9	0 5 2½
April	3 17 9	0 5 1½
May	3 17 9	0 5 1½
June	3 17 9	0 5 1½
July	3 17 9	0 5 1½
August	3 17 9	0 5 1½
September	3 17 9	0 5 1½
October	3 17 9	0 5 1½
November	3 17 9	0 5 1½
December	3 17 9	0 5 1½
	3 17 9	0 5 2½
1861.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 0½
April	3 17 9	0 5 1½
May	3 17 9	0 5 0½
June	3 17 9	0 5 0½
July	3 17 9	0 5 0½
August	3 17 9	0 5 0½
September	3 17 9	0 5 0½
October	3 17 9	0 5 0½
November	3 17 9	0 5 0½
December	3 17 9	0 5 1½
	3 17 9	0 5 0½
1862.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 1½
April	3 17 9	0 5 1½
May	3 17 9	0 5 1½
June	3 17 9	0 5 1
July	3 17 9	0 5 0½
August	3 17 9	0 6 1½
September	3 17 9	0 5 1½
October	3 17 9	0 5 1½
November	3 17 9	0 5 2
December	3 17 9	0 5 1½
	3 17 9	0 5 1½
1863.		
January	3 17 9	0 5 1½
February	3 17 9	0 5 1½
March	3 17 9	0 5 1½
April	3 17 9	0 5 1
May	3 17 9	0 5 1½
June	3 17 9	0 5 1½
July	3 17 9	0 5 1

MONTHLY ACCOUNT of the Market Prices of Gold and Silver Bullion in London,—concluded.

Date.	Gold in Bars.	Silver in Bars.	Date.	Gold in Bars.	Silver in Bars.	Date.	Gold in Bars.	Silver in Bars.
1863.	£ s. d.	£ s. d.	1864.	£ s. d.	£ s. d.	1865.	£ s. d.	£ s. d.
August ...	3 17 9	0 5 1½	June	3 17 9	0 5 1½	April	3 17 9	0 5 0¼
September	3 17 9	0 5 1½	July	3 17 9	0 5 1½	May	3 17 9	0 5 0 11/16
October ..	3 17 9	0 5 1½	August	3 17 9	0 5 1½	June	3 17 9	0 5 0 9/16
November ...	3 17 9	0 5 1½	September	3 17 9	0 5 1½	July	3 17 9	0 5 0 7/16
December	3 17 9	0 5 1½	October	3 17 9	0 5 0½	August	3 17 9	0 5 0¼
			November	3 17 9	0 5 1	September	3 17 9	0 5 0½
	3 17 9	0 5 1½	December ..	3 17 9	0 5 1¼	October	3 17 9	0 5 1 1/16
				3 17 9	0 5 1¼	November	3 17 9	0 5 1 7/16
1864.						December	3 17 9	0 5 1¼
January	3 17 9	0 5 2¼	1865.				3 17 9	0 5 1
February	3 17 9	0 5 1½						
March	3 17 9	0 5 1¼	January	3 17 9	0 5 1 7/16			
April ...	3 17 9	0 5 1½	February	3 17 9	0 5 1¼			
May .	3 17 9	0 5 1	March	3 17 9	0 5 1¼			

APPENDIX XLII.

The six following Tabulated Statements have been kindly placed at my disposal by H. W. I. Wood, Esq., Secretary to the Bengal Chamber of Commerce. In explanation of them, Mr. Wood wrote me two letters, extracts from which are below :—

Extract of a letter from H. W. I. Wood, Esq., *Secretary to the Bengal Chamber of Commerce,—(dated the 31st October 1866).*

"It was not easy to give an immediate answer to your inquiry as to the low prices of Sovereigns in 1864 and 1865; and it became necessary to get together some statistics which might point to a probably correct conclusion. There has been an unavoidable delay in preparing these Returns, and although they are somewhat out of date, the Committee trust Sir William Mansfield will accept them with their apologies for submitting them so long after they were called for.

The six Tabular Statements represent the monthly returns of the imports and exports of Gold and Sovereigns, valued in Rupees, exchange in London, rates of interest and discount, and prices of Sovereigns and Gold for the six years 1861 to 1866: and in the judgment of the Committee, the figures there given materially serve to solve the question they were requested to answer.

Compared with the general results of the three preceding years, the Returns for 1864 and 1865 show a large increase in the supply of Gold and Sovereigns, higher rates for money in Calcutta, and a high average of exchange on London; and these causes appear to have influenced the Exchange Banks and other importers of Sovereigns in disposing of them even at a positive loss, thus reducing the values which they had previously maintained.

These, therefore, seem to be the main *local* causes for the lower prices of Sovereigns in 1864 and 1865; but probably other collateral circumstances, such as the price of Gold in Australia and the exchange between the Colonies and England and India, may have also contributed, more or less, to that result.

As to the difference in the prices of English and Australian Sovereigns, the Committee are unable to attribute it to any other cause than to the fact that they are invariably preferred by parties going home, where it is only of late that Australian Sovereigns have been placed by law on the same footing with English Sovereigns as a legal tender, and that the natives being longer acquainted with English Sovereigns than the Australian have invested the former with a fanciful preference."

Extract of a letter from H. W. I. Wood, Esq., *Secretary to the Bengal Chamber of Commerce,—(dated the 4th December 1866).*

"These extracts from successive Reports of the Bank of Bengal are given to show that while business in Calcutta had been *checked* and *much depressed*, *at times*, during 1864 and 1865, there was not that *stagnation* caused by *commercial collapse* which His Excellency believes influenced the value of gold during those two years.

The exclusion of gold from the currency necessarily exposed it to the varying conditions of the market; and its value was more or less affected by the same circumstances which contributed to the fluctuating values of other commercial commodities."

DENZIL R. ONSLOW,
Secretary.

MONTHLY RETURNS of the Imports and Exports of Gold and Sovereigns, valued in Rupees, Exchange on London, rates of interest and discount, and prices of Sovereigns and Gold, in 1861.

	Imports of Gold, exclusive of Sovereigns.	Imports of Sovereigns.	Exports of Gold, including Sovereigns.	Exchange for Bank Bills on London at 6 months' sight.	BANK OF BENGAL RATES. Date.	Discount. Private Bills.	Discount. Government Acceptances.	Interest. Fixed Loans on Govt. Paper.	Interest. Deposits of Goods.	Prices of Sovereigns. British.	Prices of Sovereigns. Australian.	Prices of Gold per Sicca weight.
					1861.	% Cent.	% Cent.	% Cent.	% Cent.	Rs. As. Rs. As.		Rs. As. Rs. As.
January 1861 Rupees.	10,71,782	5,00,160	2,08,547	2 1 to 2 1¼	1st Jan.	6	3	5	6	10 4 10 5	Not quoted.	15 14 to 16 3
February " ... "	19,53,175	92,480	1,53,157	2 0⅞ to 2 1⅛	24th "	7	4	6½	7	10 5½ to 10 6	"	16 3½ to 16 8½
March " ... "	9,18,062	2,93,399	1,63,298	2 0⅞ to 2 1						10 5 to 10 6½	"	16 4 to 16 6
April " ... "	9,35,302	14,460	1,37,930	2 0⅞ to 2 1¼	3rd April.	8	5	7	8	10 5 to 10 7	"	16 0 to 16 4
May " ... "	5,04,541	2,19,806	30,050	2 0⅞ to 2 1⅛						10 2 to 10 6	"	16 2 to 16 3
June " ... "	21,03,085	9,31,070	1,84,806	2 0½ to 2 1⅛						10 2 to 10 3	"	15 12 to 16 0
July " ... "	2,93,639	21,750	2,15,528	2 0½ to 2 0⅞						9 15 to 10 3	"	15 12 to 15 14
August " ... "	12,70,912	85,366	1,18,110	2 0½ to 2 0⅞						10 1½ to 10 4	"	15 13 to 16 3
September " ... "	17,70,114	2,78,945	70,050	2 0¼ to 2 0⅝	1st Aug.	7	4	6½	7	10 3 to 10 5	"	16 4 to 16 5
October " ... "	3,41,608	28,360	1,52,200	2 0¼ to 2 0⅜						10 3½ to 10 4½	"	15 15 to 16 0
November " ... "	7,09,605	27,150	49,990	2 0 7/16 to 2 0⅜						10 3 to 10 4	"	16 2 to 16 3
December " ... "	8,01,555	13,300	38,150	2 0⅝ to 2 0 13/16	24th Oct.	6	3½	5½	6	10 3½ to 10 5	"	16 3 to 16 4
Rupees ...	126,73,380	25,06,246	15,21,816									

MONTHLY RETURNS of the Imports and Exports of Gold and Sovereigns, valued in Rupees, Exchange on London, rates of interest and discount, and prices of Sovereigns and Gold, in 1862.

	Imports of Gold, exclusive of Sovereigns.	Imports of Sovereigns.	Exports of Gold, including Sovereigns.	Exchange for Bank Bills on London at 6 months' sight.	BANK OF BENGAL RATES. Date.	Discount. Private Bills.	Discount. Government Acceptances.	Interest. Fixed Loans on Govt. Paper.	Interest. Deposits of Goods.	Prices of Sovereigns. British.	Prices of Sovereigns. Australian.	Prices of Gold per Sicca weight.
					1862.	Cent.	Cent.	Cent.	Cent.	Rs. As.		Rs. As.
January 1862 Rupees	11,07,069	35,456	47,100	2 0 1/2 to 2 0 11/16	8th Jan.	5 1/2	2 1/2	4	5 1/2	10 4 to 10 6	Not quoted.	16 3 to 16 4
February " ... "	7,97,990	1,55,250	1,20,204	2 0 3/16 to 2 0 3/4	13th Feb.	3 1/2	3 1/2	5	6 1/2	10 4 1/2 to 10 6	"	10 5 to 16 4
					20th "	7 1/2	4 1/2	6	7 1/2			
					27th "	8 1/2	5 1/2	7	8 1/2			
March " ... "	18,73,006	3,88,730	2,23,411	2 0 1/16 to 2 0 3/4						10 4 to 10 5 1/2	"	16 5 to 16 6
April " ... "	11,92,284	4,24,980	40,400	2 0 1/2 to 2 0 3/4						10 4 to 10 6	"	16 5 to 16 6
May " ... "	1,76,735	7,87,850	1,35,483	2 0 1/8 to 2 0 11/16						10 1 1/2 to 10 5	"	16 1 to 16 3
June " ... "	25,92,348	5,15,286	2,09,386	2 0 1/4 to 2 0 3/8	22nd May	7 1/2	4 1/2	6	7 1/2	10 2 to 10 3	"	16 1 to 16 2 1/2
					12th June	7 1/2	4 1/2	6	7 1/2			
July " ... "	13,10,410	2,28,852	60,460	2 0 1/8 to 2 0 7/16						10 2 to 10 4	"	16 1 to 16 3
August " ... "	17,46,058	2,58,622	65,810	2 0 1/16 to 2 0 3/8						10 1 1/2 to 10 4	"	15 15 to 16 1
September " ... "	17,703	53,720	2,56,200	2 0 1/4 to 2 0 3/8	28th Aug	6	4	6	6	10 2 1/2 to 10 5 1/2	"	15 15 to 16 2
October " ... "	9,40,690	35,875	87,600	2 0 1/4 to 2 0 3/8	25th "	7	5	6	7	10 5 to 10 5 1/2	"	16 0 to 16 1
November " ... "	12,84,021	2,49,455	17,000	2 0 1/4 to 2 1						10 3 1/2 to 10 5	"	16 1 1/2 to 16 2 1/2
December " ... "	11,73,820	6,18,240	58,050	2 0 3/8 to 2 0 1/2						10 2 to 10 4 1/2	"	16 1 to 16 2 1/2
Rupees	142,12,154	37,52,316	13,21,104									

MONTHLY RETURNS of the Imports and Exports of Gold and Sovereigns, valued in Rupees, Exchange on London, rates of interest and discount, and prices of Sovereigns and Gold, in 1863.

		Imports of Gold, exclusive of Sovereigns.	Imports of Sovereigns.	Exports of Gold, including Sovereigns.	Exchange for Bank Bills on London at 6 months' sight.	BANK OF BENGAL RATES. Date.	Discount. Private Bills.	Discount. Government Accompts.	Interest. Fixed Loans on Govt. Paper.	Interest. Deposit of Goods.	Prices of Sovereigns. British.	Prices of Sovereigns. Australian.	Prices of Gold per Sicca weight.
						1863.	P Cent.	P Cent.	P Cent.	P Cent.	Rs. As. Rs. As.	Rs. As. Rs. As.	Rs. As. Rs. As.
January 1863	Rupees	16,76,512	5,22,725	1,21,400	2 $0\frac{6}{16}$ to 2 $0\frac{11}{16}$	7th Jan.	7	5	6	7	10 $3\frac{1}{2}$ to 10 $4\frac{1}{2}$	Not quoted.	16 1 to 16 2
						21st "	"	"	"	"			
February " ...	"	16,35,686	4,22,901	87,988	2 $0\frac{9}{16}$ to 2 $0\frac{3}{4}$	7th Feb.	"	"	"	"	10 $3\frac{1}{2}$ to 10 $4\frac{1}{2}$	"	16 1 to 16 2
						21st "	"	"	"	"			
March " ...	"	12,12,983	4,17,706	2,88,910	2 $0\frac{3}{8}$ to 2 $0\frac{5}{8}$	7th Mar.	"	"	"	"	10 $3\frac{1}{2}$ to 10 $4\frac{1}{2}$	"	16 1 to 16 2
						21st "	"	"	"	"			
April " ...	"	7,59,895	44,650	1,61,880	2 $0\frac{1}{8}$ to 2 $0\frac{9}{16}$	7th April	"	"	"	"	10 $2\frac{1}{2}$ to 10 $3\frac{1}{2}$	"	16 1 to 16 2
						21st "	"	"	"	"			
May " ...	"	7,22,432	3,33,520	77,200	2 $0\frac{3}{16}$ to 2 $0\frac{9}{16}$	7th May	"	"	"	"	10 5 to 10 6	"	16 6 to 16 9
						21st "	"	"	"	"			
June " ...	"	12,33,110	11,30,234	66,800	2 $0\frac{3}{8}$ to 2 $0\frac{1}{2}$	6th June	"	"	"	"	10 4 to 10 $5\frac{1}{2}$	"	16 7 to 16 9
						20th "	"	"	"	"			
July " ...	"	11,74,144	6,14,430	1,92,425	2 $0\frac{3}{8}$ to 2 $0\frac{1}{2}$	7th July	"	"	"	"	10 2 to 10 4	"	16 1 to 16 3
						21st "	"	"	"	"			
August " ...	"	18,12,127	73,150	4,20,815	2 $0\frac{1}{4}$ to 2 $0\frac{3}{8}$	7th Aug.	"	"	"	"	10 3 to 10 $3\frac{3}{4}$	10 2 to 10 $2\frac{1}{2}$	16 0 to 16 3
						21st "	"	"	"	"			
September " ...	"	19,01,268	5,93,776	90,780	2 $0\frac{1}{4}$ to 2 $0\frac{3}{8}$	7th Sep.	"	"	"	"	10 $2\frac{1}{2}$ to 10 $3\frac{3}{4}$	0 0 to 0 0	16 $3\frac{1}{2}$ to 16 4
						21st "	"	"	"	"			
October " ...	"	13,75,147	4,95,225	2,77,280	2 $0\frac{7}{16}$ to 2 $0\frac{5}{8}$	13th Oct.	8	6	7	8	10 4 to 10 $4\frac{1}{2}$	10 3 to 10 $3\frac{1}{2}$	16 4 to 16 $4\frac{1}{2}$
						21st "	"	"	"	"			
November " ...	"	14,44,188	2,80,700	1,32,800	2 $0\frac{3}{4}$ to 2 $1\frac{1}{8}$	5th Nov.	9	7	8	9	10 5 to 10 $5\frac{1}{2}$	10 3 to 10 $4\frac{1}{2}$	16 4 to 16 5
						9th "	10	8	9	10			
December " ...	"	15,01,625	3,19,280	1,08,900	2 $1\frac{1}{4}$ to 2 $2\frac{1}{2}$	16th "	12	10	11	12	10 1 to 10 $1\frac{1}{2}$	10 0 to 10 1	15 11 to 15 12
						8th Dec.	"	"	"	"			
	Rupees ...	164,49,117	52,48,297	20,27,178		22nd "	"	"	"	"			

MONTHLY RETURNS the Imports and Exports of Gold and Sovereigns, valued in Rupees, Exchange on London, rates of interest and discount, and prices of Sovereigns and Gold, in 1864.

		Imports of Gold, exclusive of Sovereigns.	Imports of Sovereigns.	Exports of Gold, including Sovereigns.	Exchange for Bank Bills on London at 6 months' sight.
January 1864	Rupees	7,71,953	3,90,020	81,187	2 1 7/8 to 2 2 1/8
February " ...	"	10,51,552	6,34,825	1,56,310	2 1 1/4 to 2 1 1/2
March " ...	"	25,26,877	15,28,657	95,281	2 1 1/4 to 2 2 1/8
April " ...	"	20,87,697	10,23,055	1,41,621	2 1 to 2 1 1/2
May " ...	"	20,52,418	4,92,401	3,18,995	2 0 7/8 to 2 1 1/4
June " ...	"	4,94,216	80,050	3,09,135	2 0 5/8 to 2 0 15/16
July " ...	"	21,94,682	4,52,053	3,91,331	2 0 11/16 to 2 0 5/8
August " ...	"	31,18,103	10,09,940	8,10,491	2 0 13/16 to 2 1 3/8
September " ...	"	6,39,100	1,14,550	3,93,888	2 1 1/8 to 2 1 1/8
October " ...	"	7,10,287	2,04,000	1,44,650	2 1 3/4 to 2 1 15/16
November " ...	"	16,49,547	8,77,345	1,50,611	2 0 7/8 to 2 1 3/16
December " ...	"	21,92,433	4,96,613	5,13,259	2 1 1/8 to 2 1 1/4
	Rupees	19,[illegible],88,865	73,03,509	35,06,759	

BANK OF BENGAL RATES.					Prices of Sovereigns.			Prices of Gold per Sicca weight.
Date.	Discount.		Interest.		British.		Australian.	
	Private Bills.	Government Acceptances.	Fixed Loans on Govt. Paper.	Deposit of Goods.				
1864.	% Cent.	% Cent.	% Cent.	% Cent.	Rs. As.	Rs. As.	Rs. As.	Rs. As.
1st Jan.	12	10	11	12	10 1	10 1 1/2	10 0	10 1	15 7	15 13
8th "	"	"	"	"						
22nd "	"	"	"	"						
8th Feb.	"	"	"	"	10 1	10 1 1/4	10 0 1/2	10 1	16 0	16 3
22nd "	"	"	"	"						
8th March	"	"	"	"						
22nd "	"	"	"	"	10 0 3/4	10 1 3/4	10 0 1/2	10 1	16 0	16 1 1/2
8th April	"	"	"	"						
14th "	11	9	10	11						
22nd "	"	"	"	"	10 0 1/2	10 1 1/4	10 0 1/2	10 1	16 2	16 2 1/2
7th May	"	"	"	"						
21st "	"	"	"	"						
6th June	10	8	9	10	10 1 1/4	10 2 1/2	10 1	10 1 1/2	15 15	16 1
7th "	"	"	"	"						
9th "	9	7	8	9						
16th "	9	7	7	9	10 1 1/2	10 2 1/2	10 1	10 1 1/2	15 13	15 15
21st "	"	"	"	"						
7th July	"	"	"	"						
22nd "	"	"	"	"	10 1 1/4	10 2 1/4	10 1 3/4	10 2	15 12	15 14
8th Aug.	"	"	"	"						
15th "	11	9	9	11						
22nd "	"	"	"	"	10 0	10 1 1/2	10 1	10 1 1/4	15 12	16 0 1/2
7th Sept.	"	"	"	"						
21st "	"	"	"	"						
26th "	12	10	10	12	10 0	10 2	10 0 1/2	10 1 1/2	15 11	15 12
3rd Oct.	"	"	"	"						
27th "	11	9	9	11						
3rd Nov.	10	8	8	10	10 2	10 2 1/4	10 1 1/2	10 2	15 11	15 12
10th "	9	7	7	9						
21st "	"	"	"	"						
5th Dec.	"	"	"	"	10 0 1/2	10 1	10 1	10 1 1/2	15 13	16 0
20th "	"	"	"	"						
					10 0	0 0	10 0	0 0	15 11	16 0